

Coca-Cola At last things go A premium better in China

Insurance

on relevance Peter Martin, Page 14



Gold The market fears Emu-related sales

Today's surveys Australia Isle of Man

Separate sections

orld. Business Newspaper http://www.FT.com

France disposes of Elf Aquitaine stake for \$2bn

The French state yesterday sold the hulk of its remaining 9.85 per cent stake in the country's oil, chsmicals and drugs group, Elf Aquitaine, for more than FFr10bn (\$2bn). About half the shares were placed in the market with institutional investors in France and overseas, while a 4.5 per cent interest was acquired by a subsidiary of the company itself. Elf chairman Philippe Jaffré said the acquisition removed "the uncertainty surrounding the French state's interest in the company which has weighed down the share price". Page 17

US to join Zaire mission: The US is to join a multinational force to intervene in Zaire, where more than 1m refugees have been cut off from all aid by the conflict between Zairean troops and Tutsi rebels. Page 6

French carmakers plan job cuts: France's two main carmakers, Peugeot Citroën and Renault, are talking to the government about cutting thousands of jobs and reducing the average age of staff through early retirement and other measures. Page 16; Car sales leap, Page 3

Westinghouse eyes cable TV business: Westinghouse Electric, which announced plans to spin off its remaining industrial busine leavs it a pure media group, said it was seeking to become a force in the US cable television business, Page 17; Lex, Page 16

US-EU telecoms talks: In an agreed move the US and the European Union tabled improved offers in World Trade Organisation talks on liberalising telecoms services. Page 7

Algerians slaughtered: A gang of up to 25 meo killed 12 Algerians, including women and children, in a raid on a village south of Algiers. The killings occurred oear the scene a week ago of one of the most bloody attacks on s village attributed to Moslem fundamentalists.

US election funding inquiry rejected: The US Justice Department rejected a request to appoint a special prosecutor to investigate Democratic party fundraising, after allegations that the Clintoo administration dispensed political favours to foreigners in exchange for campaign contributions. Page 5

15 killed in Peru earthquake: At least 40 gold miners were trapped underground after a powerful earthquake struck Pern's southern coast, killing 15 people.

Saatchi chief heads for New York:

Marketing services company Cordiant is moving the head of its Saatchi & Saatchi operation in Loodoo, Jennifer Laing, to become chief of Saatchi's unit in New York. Page 17

Motorola, the US semiconductor ar telecommunications company, has acquired Toshiba's 49.95 per cent stake in Nippon Motorola Microelectronics. The semiconductor distribution joint venture was established by the two companies in Japan seven years ago. Page 21

Yeltsin's heart pain 'gone': The pain around Boris Yeltsin's heart, which had troubled the Russian president before his quintuple bypass operation on November 5, is now "completely gone", the Kremlin said,

Athens exchange re-opens: The Athens stock exchange reopened after a three-day gap but only about 30 of Greece's 65 brokerage companies were permitted to trade while the bourse's watchdog seeks to clean up trading practices. Page 4

BASF, the German chemicals group, reported a 9 per cent rise in pre-tax profits for the first nine months to DM3.37bn (\$2.24bn). Page 19

S Korean minister quits over scandal: South Korea's health minister Lee Sung-bo resigned because of his wife's involvement in a bribery scandal. Page 8

Degas sculpture fetches record price: A bronze cast by Edgar Degas, "Petite Danseuse de Quatorze Ans", sold for \$11.8m st Sotheby's in New York, s record price for a Degas sculpture at auction. Page 5

Mobile phones study launched: The world's widest investigation into the possibly harmful effects of mobile phones has begun in Norway and Swedeo. About 17,000 will take part in the study after some users complained of headaches, dizziness, drowsiness and nausea.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

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O THE FINANCIAL TIMES LIMITED 1996 No 33,140

Hidden copper cache suspected

Rotterdam stockpile could be up to 500,000 tonnes

By Kenneth Gooding

Evideoce has emarged of a large copper stockpile "somewhere in Rotterdam", which is not reported in official stock

According to a study of copper flows to and from the Natharlands, carried out in 1990-95 by tha World Bureau of Metal Statistics, the stockpile msy he as much as 500,000 tonnes. This is equivalent to 4 per cent of annual copper consumption and four times the level of London Matal Exchange stocks.

There was speculation in the markat yesterday that the stock might have been huilt up by Mr Yasuo Hamanaka, the copper trader that Sumitomo Page 26

thorised trading. Mr Hamanaka was known to keep a very close watch on physical movements of copper. Some analysts said that the stock might be stolen Russian

material. The stockpila could help explain why copper's price on the LME has remained stable - in spite of tha fact that exchange stocks have fallen 60 per cent to a six-year low since September. "Those big players in the copper market who count the boats in and out of Rotterdam obviously know what the true stock position is." said one analyst.

based organisation on which hury Minerals Economics, metals analysts depend for raw statistics. Its study provides the first hard evidence to support speculation that there are substantial hidden stocks of copper in Europe. The bureau is cautious

about the size of the stockpile. Mr Lloyd Davis, its general manager, said it could be "that we are staring into another statistical black hole, of a type which wa have become increasingly familiar" since European Union countries stopped producing individual trada figures. Neverthaless, "we believe that this analysis points to potentially significant stocks of refined copper in the Netherlands not previously reported by the burean". Mr Peter Hollands, of the

probably accounted for some of the 500,000 tonnes. This was too much physical copper to be "hidden" because the metal had to be carefully stored in warehouses; it could not be left outside. Nevertheless, it was reasonable to assume that up to 200,000 tonnes of "hidden" stock exists in Europe.

suggestsd statistical arror

"It makes no commercial sense for a stockpile to be built up late in one bear market, then held throughout a whole bull market and still not disposed of at the start of the present bear market. No sense in terms of legitimate busiess, anyway," he said.
"But the 1990s are turning

out to be a decade of rogue traders. There have also been

Copper prices defy stock figures LME 3-month, & per torne

trading conditions in the for-mer Soviet Union; so perhaps says the pattern of deliveries mer Soviet Union; so perhaps it does make sense." The burean is asking its

members and other market participants for comments. However, the burean is confident its research has uncovered the mysterious origin of copper taken into the Chinese

seems to confirm the suspicion that China was the destination of a large volume of refined copper leaving the Nether-lands in 1998, "despite there being no overall change in the year".

Air traffic controllers put blame on Kazakh flight crew

The world bureau is a UK- copper consultancy Blooms-

Language error 'was cause of Indian air disaster'

in New Delhi

The likeliest cause of Tuesday's mid-air collision between two aircraft near Delhi was a misunderstanding by ooe of the flight crews of English air traffic control orders, Indian officials suggested yesterday..

There are no survivors of the disaster - tha world's worst people are helieved to hava died, it involved a Saudia Boeing 747 and a Kazakh Ilyushin

and airport officials said misunderstandings of English, the international language of air traffic control, by crews from Kazakh and other airlines from some former Soviet Union countries, had contributed to several near misses in Delhi airspace in recent years. One controller on duty when the crash bsppened said: "Generally these people have problems understanding

The officials said they had repeatedly complained about



Indian air traffic controllers Firemen spray wreckage of the Saudi 747 near the town of Charkhi Dadri, India, yesterday

authority and civil aviation ministry, identifying airlines from the former Soviet states of Kazakhstan, Uzbekistan and Khirgistan as the chief culprits. "We have been making complaints sbout this time and again, and nothing has been done," said one.

In Kazakhstan, a senior official at Air Kazakhstan sdmitted that the poor language skills of many of Kazakh pilots had caused problems. Few flew abroad when the Soviet the problem to India's airports Union existed, as most interna-

tional flights departed from collided with the Saudia 747 Moscow. Indian officials also said

near-misses outside Delhi had been caused by aircraft from former Soviet countries - now in the Commonwealth of Inde pendent States - calibrating their altimeters in metric rather than the more widelyused imperial measure. "We give them the height in feet and they convert this to lems," one said. The Kazakh Ilvushin Il-76

Continued on Page 16

some 25 miles from Delhi after

air traffic controllers at the

Indira Gandhi International

airport ordered the departing

Strong backing for French and **US** heart drug

By Daniel Green In New Orleans

A study of 19,000 patients, one of the largest organised for a new medicine, has produced positive findings for a heart drug due to be launched in 1998 hy Bristol-Myers Squibh

of the US and France's Sanofi. The independent US study howed that victims of a heart attack or stroke who took the drug, clopidogrel, bad their risk of a second attack cut by about 34 per cent. This compares with 25 per cent for

those who took aspirin, the The trial results were announced yesterday during the American Heart Association meeting in New Orleans. More than 100,000 second

be prevented each year in the US alone if all patients at risk took clopidogref, tha study

TODAY'S DESKTOP.

The Bonex Low Profile Desktop PC is a deceptively slimfine muchine. Less than 11 cm

deep, it already exceeds the internal capacity of many bulkier computers. Better still it has

been built with fast-changing chip technology in mind, it accepts all intel's Pentium ® Pro

processors and will handle tomorrow's even faster and hotter CPUs. Upgrading has never

been easier - with simple two-sorew access and a standard-size motherboard, the Bones

PC-6200H/I has been designed to let you take maximum advantage of new develop-

TOMORROW'S

TECHNOLOGY.

heart attacks or strokes could

Heart disease drugs are the pharmacenticals industry's biggest sellers, with sales of

\$12.4bn in the world's top 10 markets in the first six months of this year

The launch of the drug depends on regulatory approval. Bristoi-Myers Squibb and

Sanoti said no price had yet heen set for it. However, a Sanofi executive said it was likely to be many times the price of aspirin, which costs only a few cents a day.
"The only thing that would

boid me back from prescribing this drug is its cost," said Professor Donald Easton of Brown University.

the trial, which was conducted by independent doctors and scientists. The results were good enough for them to decide to submit the drug to regulators in Europe and the US in the first half of next year. The regulators are likely to take about a year to consider their verdicts.

Sanofi shares were tempo-

Continued on Page 16

UK utility agrees to \$2bn takeover by US group

By Jane Martinson in London

East Midlands Electricity of the UK has agreed to s £1.3bn (\$2.1bn) takeover by Dominion Resources of the US. The 670p a share cash offer came a week after the Virginia-based group said it did not want to pay "much in excess" of 608p.

Agreement is understood to have been reached in principle in less than two bours on Tuesday night. However, there remains uncertainty whether the deal will be referred to the UK's Monopolies and Mergers Commission. This was reflected in the East Midlands

cant discount to the offer. CalEnergy's hid for Northern Electric go ahead, there will be five US utilities cootrolling regional electricity companies in England and Wales - and just three independent compa-

general election, has increased the regulator available to the expectations of a reference.

But after s preliminary dis-cussion with Professor Stepben Littlechild, the industry regulator in Britain East Midlands and Dominion said they saw no reason for a referral.

Mr Norman Askew, chief executive of East Midlands, said the takeover was "not groundbreaking". He added: "If it was referred, it would be so overtly political it could do more damage and be more dif-ficult to explain."

However, Unison, the British public sector trade union, called for a reference, saying latory system".

public. In previous takeovers by US utilities, licence agreements have been reached to allow the regulator to see ringfenced accounts, enabling him to compare performances

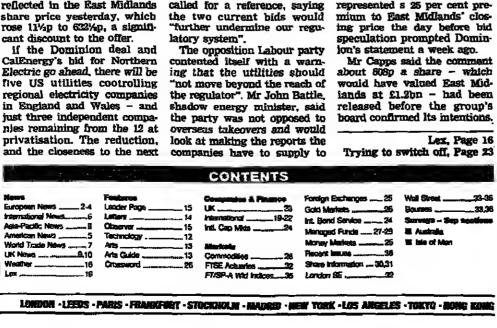
Mr Thomas Capps, chair-man, president and chief executive of Dominion Resources saw no need for the bid to be referred. There were "plenty of data out there for the regulator to see". Mr Capps will meet Prof Littlechild soon to discuss how to ensure transparency.

The price of 670p a share represented s 25 per cent premium to East Midlands' closing price the day before bid speculation prompted Dominion's statement a week ago.

about 608p a share - which would have valued East Midiands at £1.2bn - had been released before the group's board confirmed its intentions.

Lex. Page 16

And while you're waiting for technology to catch up, you'll have some impressive features as standard and a flexible range of configurations to choose from, All in an elegant desktop. THE ELONEX PC-6200HA About of the game. 200M-tz Pensum Pro processor with 256KB L2 cache 32MB EDO RAM (expandable to 256MB) 1.7GB DE hard disk drive Up to 5 expansion slots (2 x PCI, 2 x ISA, 1 x PCI/ISA) Up to 3 experiment 4 difficities 8 Speed IDE CD-ROM drive 6 64-bit PCI graphics accelerator (ZMB video RAM as star 6 64-bit PCI graphics accelerator (ZMB video RAM as star 15-arch non-interfaced SMSA monitor 15-arch non-interfaced SMSA monitor 2 start and 4 0 led with Windows NT Workstation 40 12 months extendible on site maintenance (UK maintand only) Access to unlimited technical support £1,475 (£1,733.13 inc.VAT) et 0181-452 4444 a. 0181-452 6422 to dispy, willian today. Morenik is a replacent surjewel, W dan The Inti Table Lago and Thanper as repeased surjewel fo



EUROPEAN NEWS DIGEST

Commission rejects cut in tobacco aid

Hopes for drive against smoking lose out to plea for continued subsidy to small farmers

By Caroline Southey

embarrassing contradiction between two key BU policies - subsidising farmers to grow tobacco while funding anti-smoking campaigns - yesterday sparked a rnw hetween European commissioners.

Most commissioners rejected calls from Mr Padraig Flynn, commissioner for social policy, for a cut in aid to tobacco farmers, Mr Flynn had hoped to win

clear backing for an end to tobacco subsidies before he launched a fresh drive against smoking at the end of the month.

The EU spends Ecul5m (\$19m) a year on anti-smok-ing measures, mainly on campaigns highlighting the health dangers. Last year it paid Eculhn in tobacco productioo subsidies.

The EU's 135,000 tobacco growers produced 333,000 tonnes of tobacco in 1994, 5 per cent of warid production. Eight EU countries pro-

accounted for 40 per cent last year, Greece 36 psr cent, Spain 13 per cent and France 8 per cent.

Mr Flynn told his fellow commissioners EU critics pointed to the "hage mismatch in resources between the two objectives as evidence that the interests of tobacco producers take pri-ority over public health considerations". The "alleged contradictions" were a "safe, reliable and newswor-

duce tubacco - Italy policies in other areas". are unemployment. The sub- alternative crops, pointing Mr Flynn said that the subsidy was five times the market value of the crop. But most commissioners

backed Mr Franz Fischler. European commissioner for agriculture, who argued there was no link between snhsiding growers and reducing consumption.

He said cutting EU pro-duction would simply lead to an increase in imports. Mr Fischler warned cutting sidies support 135,000 producers and 170,000 full-time labourers.

"Tobseco is a major source of employment, per-ticularly in Greece. Without tobacco, practically all the farms that grow the crop would no longer be viable," said a report prepared by the Commission's ferm experts and presented to yesterday's meeting.

Mr Fischler rejected Mr "safe, reliable and newswor-thy means of attacking its farmers off the land and cre-dncers should switch to

out that the average tobacco that no other product would provide a reasonable income on that size farm.

The European Commis sion yesterday launched an Ecu50m joint research programme into the transmission of "mad cow" disease to bumans, including research into tests for and treatment of the disease, and the risk of so-calted spongiform encephalopathies crossing species barriers.

Counting cost of business in E Europe

Starting up business in Warsaw? Expect a three-month wait for a phone. Expanding into Russia? Moscow'e rents are five times higher than London's. Need a hilingual secretary in Belgrade? Be ready to pay six times what you would in

Prague. The newly published DHL Price of Business Index shows that after taking 10 key costs into account for 15 east European capitals, Moscow is almost three times as expensive as London, followed by Tirana, Liu-bljane. Budapest and Kiev,

Reuter reports. Chisineu and Bratislava vere cheapest, while Skopje, Zagreb, Belgrade, Minsk, Bucbarest, Warsaw, Sofia and Prague were in between. After Moscow, Sofia has

the most expensive accommodation for a night in a five star botel Zagreb, Bucharest and Bratislava offer the cheapest office space, but if you need a phone line, expect to wait 90 days in Warsaw, but only a week in

And after a hard dey's work it is 10 times cheaper to relax in Albania than in Bulgarie, where a single malt whisky costs \$15, compared with \$1.50 in Tirana.

Nordic drink limits targeted

The European Commission proposed yesterday that Denmark, Finland and Sweden phase out by June 30, 2002 their restrictions on alcohol and tobacco products that travellers can bring home from abroad.

"I am ready to take account of the difficulties of the Nordic countries by giving them a transition period to adopt their social and health protection policles," said Mr Mario Monti, internal market commissioner. However, the quotas had to end because they violated a fundamental principle of the single market - the right of citizens to carry goods for their personal use freely across borders within the EU. The Commission also wants the three countries to reduce immediately the minimum period that travellers must be away to qualify for tax exemptions on alcohol and tobacco.

The Nordic states have traditionally applied high taxes on alcohol and tobacco to discourage consumption and raise revenue. Sweden is refusing to accept any deadline for ending the restrictions and is threatening to take the Commission to the European Court. The final decision will be made by EU ministers. Reuter, Bruss

Russian taxes flood in

The Russian government's crackdown on tax evaders last month produced a sharp increase in tax collection, officials said yesterday. According to Mr Peter Mostovoy, head of the Federal Bankruptcy Commission, which has played a central role in the tax drive, the government collected more than 100 per cent of planned tax revenues. In September, the figure was less than half.

The Kremlin has threatened to force into bankruptcy

enterprises which do not pay their taxes. Last month, the government targeted four companies in high-profile test cases. Three of them, and a large steel mill added later to

the list, now face formal bankruptcy proceedings.

Mr Mostovoy yesterday unveiled a list of 16 more companies which have been warned formally. None of Russia's widely traded, blue chip companies appears on the list, which is dominated by regional energy, metal and metallurgical enterprises. Chrystia Freeland, Moscow.

Challenge to Bulgarian PM

Mr George Pirinski, Bulgaria's US-born foreign minister. yesterday resigned from the Socialist government and stablished himself as main challenger to Mr Zhan Videnov, the prime minister, who narrowly won a party confidence vote on Tuesday. Mr Pirinski, widely regarded as the protégé of Mr

Andrei Lukanov, the last Communist-era prime minister, who was assassinated by an unknown gunman two months ago, has now emerged as head of the social democratic faction within the party. He is expected to try to unseat Mr Videnov at the special party congress due to start on December 21.

Mr Videnov, who combines being head of government with leading the party, is accused by opposition parties and reformists in the Socialist party of having resurrected Communist-type party-state structures and of running a ecretive, bureaucratic style of government which has

ailed to tackle a deepening economic and social crisis. The United Democratic Opposition, whose candidate, Mr Petar Stoyanov, comfortably beat the Socialist nominee in the presidential election on November 3, is calling for early elections. Anthony Robinson, London

Turks shrug at new political scandal

By John Barham in Ankara

Turks hold their elected representatives in such low esteem that proof of close links between the police, organised crime and the government has caused barely more than a ripple of indig-

The death in a car crash nearly two weeks ago of a wented gangster, bis girlfriend and a senior police

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clo The Financial Times Limited, Number
One Southwark Bridge, London SEI 9HL officer merely confirmed widespread belief that the underworld and the police are sometimes on the best of terms. The crasb also severely injured a fourth passenger, a government MP in the True Path party and Kurdisb chieftain who is now said to be suffering from ampesia.

A unanimous vote by MPs on Tuesday night to set up a parliamentary investigation into the affair and plans for a censure debate today have aroused little interest outside parliament. Previous corruption investigations, including three started against Mrs Tansu Ciller. foreign minister, deputy prime minister and True Path leader, last spring have petered out without uncovering anything more serious than some unethical technical slips.

The new investigation into mafia, state and police relatlons" is likely to suffer the same fate, though nobody opposed its formation, not even Mr Mehmet Agar, the interior minister forced to resign after the accident. One observer said: "Of course True Path supported the investigation. Imagine what people would have

thought if they opposed lt!"
Over the past three years, the press has raked up scandals implicating Mrs Ciller (who was prime minister from 1993 until the beginning of this year) and her



Ciller and Erbakan; both their parties have been tarnished by the latest claims

husband Ozer in shady real estate dealings, failed banks and suspect privatisations. None of the allegations

has been proved in court, but the mud has stuck. Mrs Ciller and her senior True Path associates are widely considered to have enriched themselves while in power. Turkish media have claimed Mr Agar, a tough

former police chief brought into the party by Mrs Ciller last year, was at a beach resort with the four the weekend before the accident. Censure debates have also degenerated into a circus. called by the opposition over

relatively trivial issues with scant hope of success. The government easily defeated the last censure

motion in October, called by

opposition parties who July in a deal with Mrs wanted to attack it for sub- Ciller that involved calling mitting to the public insults off corruption probes he had hurled at Turkey by Col unleashed against her in Muammer Gaddafi, the Libyan leader, during an official visit to Tripoli by Mr Necmettin Erbakan, Turkey's Islamist prime minister.

Today's motion is on a more serious issue, but it has equally little chance of the party is highly discibringing down the government, Mr Erbakan's Refah party and the True Path, its junior coalition partner, have 279 MPs in the 550member parliament.

The affair has tarnished Refah, which built its strength by attacking the corrupt secular establishment, nearly as much as True Path.

Rounding on her enemies, she is accusing them of being the "pawns" of unnamed powerful monopolistic corporatione she claims are trying to destabil-

March.

The Islamists are now

writhing with discomfort over Mrs Ciller's latest scan-

dal. Mr Erbakan has said as

little as possible about it and

did not vote on Tuesday. But

plined and unlikely to scrap

Mrs Ciller, true to form,

has gone on the offensive.

the alliance now.

ise a government committed to human rights, democracy Mr Erbakan took power in and law and order.

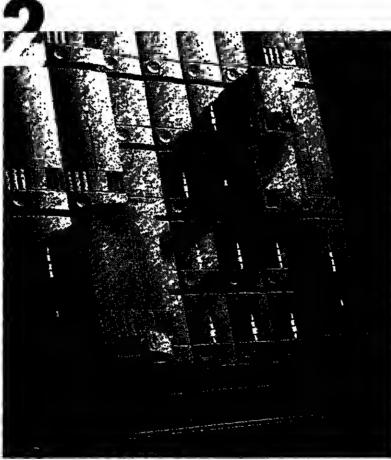
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NEWS: EUROPE

BS instructs staff on Nazi gold claim Car sales leap

Union Bank of Switzerland, the country's largest bank, has sent a memorandum to its non-Swiss caust victims and that they failed employees on how they abould to return bank deposits to the heirs respond to public concern over allegations about Swiss banks' links with Nazi Germany.

Among the allegations the bank

denies is that it held Hitler's bank

The memo, sent in mid-October, background for discussions with

claims that they knowingly aware that the discussions and accepted gold robbed from Holoof those murdered by Nazis.

are the rightful property of Nazi victims. It insists that the latest "should give you the necessary accusations are completely a result of new searches." background for discussions with unfounded but adds: "We are not. The memo quotes sel clients, other employees, and your willing to accept the unfounded accusations without a reac-

Swiss banks have been stunned tion... A large PR campaign is, National Bank. by international outrage over however, not appropriate. We are

on our image." The memo says UBS and other The memo expresses support for ducted exhaustive internal recent Swiss government and international inquiries into whether opened by Nazi victims or people searches for dormant accounts pened and the view of those who Swiss banks still hold assets which acting for them. "It is highly coming out of various archives", unlikely that any sums owed to victims' heirs will be discovered as gation that it held an account for

UBS in Zurich said the purpose of the memo was to set the debate explain to our employees abroad who have no knowledge of Swiss Swiss banks have already coo- history". The memo "is our view of the historical view of what hapdon't necessarily believe what is

The document describes an alle-

archival papers show the investiga-tion consisted of repeated requests by the then US consul geoeral in accusations have a negative impact in its historical context and "to Basie to UBS asking it whether it held the accounts, and repeated firm denials from UBS.

The memo says commercial banks such as UBS "had no connection whatsoever" with gold looted by Nazis from Jews and from central banks in other countries. However, documents recently declassified from US archives on Hitler as "a rumour of a possibil- the disposal of 5,861 gold bars with The memo quotes selectively ity which it says was dispelled by a value of \$79m from the Nether-from a 16-page 1985 document pre- a US government "investigation" lands to Germany, show the vast pared by the archivist for the Swiss in 1944 and 1945. However, new majority went to Switzerland.

not be discussed in Paris. A question

mark remains over the final decision

taken by the re-elected US Clinton

administration about the depths of its

say planning for a Franco-German con-

tribution to a peacekeeping force in

Bosnia next year is at a very advanced

stege. German soldiers will start

intensive training on Monday, the day

Nato ambassadors in Brussels are due

to take a political decision on military

optione for next year. Germany

expects to join France in policing

southern Bosnia leaving Britain in

charge of the north-west and presum-

German defence ministry officials

future involvement in Bosnia

in W Europe

New car sales in western Europe leapt by 14.5 per cent year-on-year last month, well above industry expectations, writes John Griffiths. Figures from the European Antomobile Manufacturers Association show that only in Greece and Switzerland did sales fall below levels of a year earlier. The biggest increase among the main markets was in France, where sales jumped 24.5 per cent to 202,200 from 162,400 the previous October. Virtually all this increase was accounted for by cars bought under before the end of the sales incentive programme.

Large increases in Italy and Spain were distorted by their very poor sales in the second half of last year. Italian registrations were 22 per cent up year-on-year, at 144,500 units; Spain's were 31.2 per cent higher at 78,300.

Strong performances in the German and UK markets were not the subject of statistical distortions, and the 6.4 per cent rise in German registrations, to 284,500 in October comes despite a string of gloomy statistics on the state of the economy and of manufacturing. The 18.3 per cent rise in Britain, to 154,700, was attributed by industry executives to revived consumer confidence, reflected in rising house prices, falling unemployment and the strength of new car sales to private customers last month.

Last month's increases have lifted the total western European market for the first 10 months of the year to 7.4 per cent above 1995.

West European new car registrations

	(Units)	· Change(%)	Stere (%) Jan-Out 96	Jan-Oct #5
TOTAL MARKET	11,116,800	+7.A	100.0	100.0
MANUFACTURERS:				
Volkswagen group "	1,899,016	+102	17.1	18.7
- Volkswagen	1,238,154	+12.5	11.1	10.6
- Audi	345,648	. +7.D	3.1	3.1
- Seet ·	246,486	+0.5	2.2	2.4
- Skoda	68,748	+25.0	0.6	0.5
General Motors	1,394,872	+3.5		13.0
- Opel/Vauxhall	1,338,343	+4.0	12.0	12.4
- Saab	47,489	-4.2	. 0.4	0.5
PSA Peugeot Citroen	1,337,817	+7.5	12.0	12.0
Peugeot	792,485	+6.6	7.1	7.2
- Citroen	545,332	+8.8	4.9	4.8
Ford group	1,304,277	+4.0	11.7	12.0
- Ford	1,291,789	+5.0	11.6	11.9
- Jaguer	12,448	-6.8	. 0.1	0.1
First group"	1,243,951	+8.9	11.2	11.0
- Fiat	998,601	+12.1	9.0	8.6
- Lencia	140,050	0.7 :	1.3	1.4
- Affa Romeo	103,773	-5.3	0.9	. 1.1
Remeult	1,124,115	+4.7	10.1	10.4
SMW group	" BB4,154	+6.7	6.2	6.2
BMW	363,195	+8.7	3.3	3.2
Rover	320,958	+4.5	2.9	3.0
Mercedes-Beat	;400,360	+15.7	3.6	3.3
Volvo	172,207	8.7	1.5	1.8
Niesan	315,678	-1.0	. 2.8	3.1
Toyota	287,050	. +8.2	2.6	2.6
Honda	169,169	+8.3	1.5	. 1.5
Mazcia.	151,926	+5.2	1.4	1.4
Mitsubishi	151,427	+19.5	1.2	1.1
Total Japanese	1,197,782	+7.1	10.8	10.8
Total Korsen	212,705	+41.7	1.9	1.5
MARKETS:				
Germany	3,001,800	+6.5	27.0	27.2
France	1,852,800	+14.7	16.7	15.6
United Kingdom	1,812,000	+4.7	16.2	16.7
Ruly	1,489,000	+0.6	13.4	14.3
Spain	753,000	+8.0	6.8	6.7

"We holds 70 per cert and management control of Shots, lincholes care imported from US and note at western Europe. "Old holds 30 per cent and management control of Shab Antomol 99 Fed group includes Lancie, Alle Romeo, Innocent, Ferrer and N

Arms and aid stack up in Bosnia debate

By Anthony Robinson

meant to strengthen the army of Bosnia's Croat-Moslem federation are stacked up at the port of Ploce on Croatia's Adriatic coast. At the same time bloody clashes across the border lines between the federation's two entitles serveas a reminder that a year after the Dayton agreements brought the warring ethnic groups reluctantly together there is little prospect of ref-

bodies at international conferences in Paris this week and in London early next month prepare for the second year of rebuilding the region's battered economies. officers of the multinational peace implementation force (Ifor) worry about their ability to hold the line once half its size.

mobile Ifor troops, operating in three zones under overall. 12 project task forces with American, British and French control, created the basic security needed to get around \$1.4bn next year, economic reconstruction under way. But political and trating their aid on specific

ties remain strained. Mr Carl Bildt, the international high commissioner for Bosnia, warned this week that war could resume "in the blink of an eyelid" if multinational forces were removed.

Recent discussions on aid policy have included a debate over the need for an "economic tsar" to co-ordinate the four-year \$5.6bn multinational aid effort and whether Republika Srpska. the Bosnian Serb entity, and the caretaker Moslem goveroment in Sarajevo, should ugees returning home. be encouraged by economic As governments and aid to work within joint governing institutions, as envisaged in the Dayton accords, or be penalised for dragging their heels.

The first progress report from the International Monetary Fund/World Bank to retain its co-ordinating four years, compared with both the reluctance of the teams in Washington and Sarajevo charged with co-ordinating the international their mandate expires in six aid effort shows that \$558m weeks' time and Ifor is of the \$1.6bn pledged for 1996 replaced by a force probably had been disbursed by September 30, while projects The well-armed and highly worth \$860m were under way. The Bank has created the aim of giving donors, who will be asked to pledge clearer channels for concen-



alise the two-year consolidation plan.

permanent election committee, com-

France also backed the creation of a

yesterday with international mediator Carl Bildt, left, and French foreign minister Hervé de Charette, centre) will adopt in Paris today a two-year agenda to consolidate the Dayton peace plan following the most serious clash in the country since the accords were signed, write Laura Silber in Paris and Bruce Clark in Bonn.

However, French and US officials remained divided yesterday over the prospective agreement. Western diplomats said France wanted Bosnia'e leaders to sign an agreement, while the US wanted them to outline an agenda for a series of conferences to take place over the next month to fin-

role. It argues that achieving

complex tasks such as set-

ting up a central bank and a

common currency would not

be helped by transferring

overall control to Mr Bildt or to Mr Richard Sklar, the per-

sonal envoy of US President

Powerful political condi-

tionality has already been

built into the multinational

aid programmes. The World

Bank's figures show that

\$3.69bn has been earmarked

for projects in the Croat-Mos-

posed of Bosnia's rival parties. In contrast, the US wanted the Bosnian Serbs to extend the Organisation for Security and Co-operation in Europe mandate in order to have international supervision of controversial municipal ections planned next spring. The Paris meeting follows intervention by the Nato-led Implementation Force (Ifor) after a Moslem was killed and two Serbs wounded during fight-

the disputed village of Gajevi in northeastern Bosnia. Officials said a post-Ifor force would ably the US in the north-east.

ing with mortars and small arms in

\$1.4bn for Republika Srpska. Bosnian Serbs to accept the Over the first nine months of international conditions for this year \$433m was dis- aid, and the reluctance of bursed in the Federation many donor countries to pledge aid to Republika Srpska while so many generals and politicians associated with war crimes and deter-

deepen. Projects worth \$723m are under implementation in the Federation Srpska remain in power. while schemes worth only \$11m are under way in Republika Srpska. A further \$146m of projects are designated "inter-entity".

while only \$7m was disbursed on projects in the

Serb entity.

This imbalance is likely to mined to pursue a separate identity for Republika The view of some Ifor offi-

cers is that Bosnian Serbs. feeling betrayed and abandoned by Mr Slobodan Milosevic, the Serbian president,

fighting. The Moslems, on squeezed by the Serbs and in unloving cohabitation with the Crosts, are dissatisfied with the post-war status quo.

On this analysis Washington's plans to upgrade the Croat-Moslem army to create a better balance of power find little support. British commanders find it hard to believe that introducing more weapons into this Balkan cockpit will either make peace more secure or an eventual safe exit more achievable.



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Lukashenko takes his case to Russia

Mr Alexander Lukasbenko, the Belarusan President, yesterday sought Russian backing for a controversial referendum he is planning to bold in his own country later this month.

If passed, the November 24 vote would give the Belarus leader almost total control over the legislature and superior courts, the only institutions which have spoken out against his increasingly authoritar-

The planned referendum has pro-

Belarus politiciana. But Mr evocation of Soviet honour, Ortho- ing Mr Lukashenko of using the said the planned poll would have Lukashenko yesterday sought the support of another, more powerful constituency, telling the Russian essential to his goal of uniting Belarus with Russia

"In order to save the policy of the present Belarusan leadership, based on the unification of two Slavic peoples, I am compelled once again to go directly to the Belarusan people [with a referendum]," be said.

As he made his case for swifter unification of the two Slav neighvoked widespread opposition from bours, Mr Lukasbenko's emotive

dox spirituality and the strategic threat still posed by the west drew applause from Russia'a Communist parliament the referendum was and nationalist dominated parlia-

ment. But some liberal parliamentar-ians walked out, underscoring the political dilemma Mr Lukashenko poses for a Russian administration which values the Belarusan leader's steadfast political support but does not wish to compromise its

own democratic credentials. Mr Grigory Yevlinsky, whose liberal Yebloko faction of MPs led the boycott, issued a statement accus-

populist call for integration as a no legal validity. pretext for his efforts "to establish a totalitarian state."

"Using as a cover the extremely popular idea of Russian-Belarusan integration, Alexander Lukashenko is pursuing a different objective the destruction of democratic institutions and the usurpation of power," said the statement.

The conflict in Belarus threatens to come to a head in less than two weeks, when Mr Lukashenko said be was determined to go ahead with his referendum. This week the republic's chief electoral officer of the Nato military alliance.

A confrontation between the Belarusan president and legislature could be e problem for the Kremlin, which might be forced to choose between its most loyal neighbour and the opinions of Russia's liberal intelligentsia.

Slding with Mr Lukashenko would also risk drawing Moscow into e dispute with the west, espe-cially the US. Mr Lukashenko is proudly anti-western and onca threatened to use unclear missiles to prevent the eastward expansion

Central Prague was closed to most traffic yesterday because of a smog alert

heating plant emissions and cold weather, writes Vincent Boland. A traditional

feature of Prague's winter

rise in the number of cars.

measures when it would

have been better to abstain

If the ODS wins an overall

majority, Mr Klaus would be rejuvenated and "strongly

tempted to go for an early

general election", believes

Mr Jiří Pehe, head of analy-sis at tha Open Media

Research Institute think

tank. If it does not, he says,

the government's position would be untenable and it

could resign, forcing the

CSSD to try to form a left-

The polls are open tomor-row and Saturday morning

for the 81-member senate.

which will be elected on a

first-past-the-post basis -

the lower house is elected by proportional representation

leaning government.

smog has worsened in recent years because of a

or support them.

caused by car fumes,

EUROPEAN NEWS DIGEST

Trade limited as **Athens re-opens**

The Athens stock exchange reopened yesterday after a three-day gap, but only about 30 of Greece's 65 brokerage companies were permitted to trade. In an effort to clean up trading practices, the capital markets committee, which acts as the bourse watchdog, has ruled that brokers must settle outstanding trades with the clearing house before they return to the floor.

Analysis said the committee's decision would drive several small stockbroking firms into bankruptcy as they would not be able to meet today's deadline for completing settlement. Four small brokerages are suspected of complicity with brokers Delta Securities in manipulating share prices in family-owned companies listed on the

bourse, while several others handled occasional trades.

Delta's failure last week to pay Dr2.6bn (\$11m) owed to the clearing house halted trading on the bourse and triggered calls for a full investigation into illegal trading practices.

Kerin Hope, Athens

Absent Craxi sentenced

The first definitive court sentences have been issued against leading political and business figures involved in the corruption scandals that shook the Italian establishment from 1992 onwards. The sentences confirmed by the appeals court in Rome, include e 5%-year prison sentence for tha former Socialist premier. Mr Bettino Craxi, who has been living in self-imposed exile in Tunisia since July 1994. If Mr Craxi returns - be has been seeking to come back for medical reasons - he will be immediately imprisoned. Yesterdey, o new arrest warrant and extradition request was being prepared on top of the four existing ones issued against him.

The sentence concerned L12bn (\$8m) worth of funds illegally paid to the Socialist and Christian Democrat parties to allow a company to be set up by Eni, the state oil group, Sai, an insurance company owned by building tycoon Mr Salvatore Ligresti, and Salomon Brothers of the US, to extend life cover to Eni's 130,000 employees. Mr Ligresti was sentenced to two years and four months hut may yet avoid jail through social service. Mr Severino Citaristi, the former treasurer of the Christian Democrats, who has been involved in over 70 cases of handling illicit funds, was sentenced to the same term as Mr Craxi but may be exempt through age. The first to enter prison yesterday was Mr Sergio Cusani, a financial consultant, who received L1bn because he was excluded from the deal to set up the insurance company, which in the end never got off the ground. Robert Graham, Rom

Baltics seek EU, Nato entry

The Baltic States' entry into the European Union and Nato is vital to underpin their restored sovereignty and national security, Latvian President Guntis Ulmanis told Mr John Major, the UK prime minister, yesterday. Latvia, Lithuania and Estonia, who ended their forced membership of the Soviet Umon in August 1991, cannot be indefinitely excluded from Nato, he said before the meeting. "The idea that Europe is more secure if the Baltic states are excluded from Nato and less secure if the Balts are inside is absurd," he added.

Latvia, a member of Nato's partnership for peace, bas contributed troops to the Nato-led Ifor implementation force in Bosnia, and wants to join the the EU and Nato in the first round of enlargement, but without sacrificing its national identity. Anthony Robinson, London

A fund

Section

German unions Poll puts Klaus to the test meet to thrash out strategy

By Wolfgang Münchau in Dresden

Moderate and bardline German union leaders will clash today as the movement prepares to make one of the most important decisions on strategy for 15 years.

DGB, the umbrella organisation of Germany's trade unions, yesterday started a three-day extraordinary meeting to decide on the leadership's proposals for a controversial overhaul of its

1981 manifesto. The proposed changes ditchiug calls for national ownership of vital sectors of industry in favour of an unequivocal commitment to the social market economy have opened up deep divisions among the 15 member unions.

The large weight of moderate unions backing the changes, including OTV, the public sector workers, and lG Chemie, the chemical union, is expected to secure a majority for the changes when the 600 delegates vote today and tomorrow.

Mr Klaus Zwickel, president of IG Metall, the engineering workers, has even grave doubts whether we threateoed to walk out of the congress unless it approved the new manifesto.

some of the smaller unions, training jobs.

such as IG Medien, the journalists' union. Mr Dieter Schulte, president of DGB, said develop-ments over the last 15 years. "such as women's demands for equal rights in the workplace, ecological upheavals, the contradiction between globelisation and netional narrow-mindedness can no longer be fully explained by the conflict between labour

"For that we need much more subtle explanations and an extended notion of a

union's role." The debate highlights the soul-searching inside the German trade union movement at e time when German companies are increasingly investing abroad and are starting to question the consensus-basad model of German industrial relations. The issue has also opened

and disillusioned members from eastern Germany. In the ahort opening dehate after Mr Schulte's keynote eddress, one delegate backed the goal of making unions more relevant to young people "hut I have can achieve this with a man-

for coocrete results, they are

and capital.

egislation. The election is a crucial test for Mr Václav Klaus, the prime minister, If his Civic Democratic party (ODS) wins a majority, his faltering reputation will be restored. If it does badly, sceptics who bave questioned his leadership will be handed further ammunition. divisions between activists Mr Klaus has been on the

ne candidate in this

week's election to the Czech senate is

offering voters e chance to

win a bolidey in the sun.

Another is running a lottery

for a new car. Yet another

has plastered his face on

beer-bottle labels in the

belief that the way to a vot-

er's heart is through the bar.

Elections bring out the

inventiveness in Czech politicians. Aspiring senators

need all the marketing

wheezes they can dream up

It is the second national

election this year, and the

senate is a new institution;

lts main role is to scrutinise

for the poll.

election in June, when he lost his overall majority in the lower house. He now runs a minority government. while Mr Milos Zeman, leader of the main opposition Social Democrats (CSSD), is chairman of parliament. Their long-standing mutual dislike has led to ifesto. The young are looking a sharp deterioration in the The opponents include looking for high-quality quality of political dehate. Mr Klaus has also been

defensive since the general



Miloš Zeman (left) and Václav Klaus . . . mutual díslike

Victor Boland on the creative tactics of Czech candidates

undermined within his own government. Members of the two small parties which are partners in his coalition talk candidly in private of drift and indecisiveness. Disagreements on health care and pension reform, tax cuts, the trade deficit and privatisation have broken out.

Most seriously, the prime minister is no longer unassailable within the ODS. The party prides itself on being the only one with a truly national appeal, but Mr Klaus failed in the general election to articulate his party's vision of where the country was beaded. That led senior backroom power -brokers, headed by Mr Josef Zieleniec, the foreign minister, openly to question the party's future.

Added to these troubles is

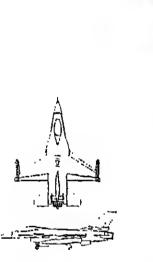
the government's far from aure-footed handling of a banking crisis, which cost taxpayers more than \$1bn and bas brought questions of market regulation, financial propriety and political accountability to the forefront of political debate.

Mr Klaus, therefore, badly needs an electoral boost and there are some signs that he may get one. Opinion polls give him e slight edge, and in his campaigning he has been able to exploit disarray within the opposition.

the general election and his control of parliament has sometimes been impressive. But he has lost authority in his party because he is not a good tactician. He has tried to vote down government

Mr Zeman played a good band in negotiations after

with a run-off at the end of next week in constituencies where no candidate wins more than half the vote. ODS and CSSD candidates are likely to top the polls in most constituencies, but much may depend on the second round - if the voters turn out.



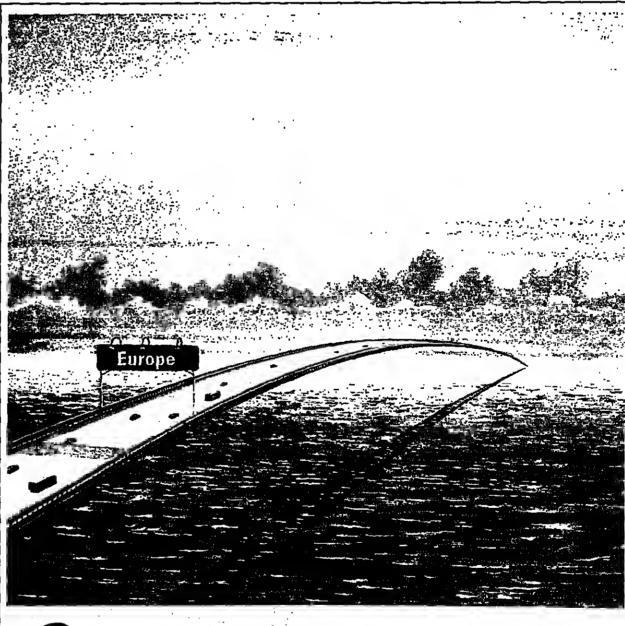
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WestLB

economies, Chile, with a sav-

commonplace to hlame Latin America's continued vulnerability to financial crisis on the lack of national savings. It is the inability to generate savings, the argument goes, that distinguishes east Asian economic success from Latin

America's failure to grow. Now a group of economists from the Inter-American Development Bank in Washington has tried to turn that conventional wisdom on its head, with, if their conclusions are to be believed. important implications for economic policy.

"Higher growth precedes higher saving, rather than the reverse, it is only after a sustained period of high growth that savings rates increase and may do so with a delay that can be quite significant," the economists. concluda in a paper presented last week in Paris. The most powerful determinant of saving over the long run is economic growth.

Policy efforts "should concentrate on removing tha impediments to growth than 20 per cent of gross rather than trying to estab-domeetic product ovar the lish programmes aimed directly at promoting saving that are likely to be of dubi-

ous effectiveness and may involve economic inefficiencies," they argue.

But they also add that reform policies aimed at raising efficiency and promoting growth may, although temporarily, reduce savings for many years, thereby increasing reliance on volatile flows of inward capital.

contents, Stephen Fidler reports.

The Inter-American Development Bank's

most closely watched annual review has

been delayed for a second successive year

because of an internal controversy over its

The report, Economic and Social Progress

in Latin America, is produced mainly by the

bank's economics department, led Mr Ricardo Hausmann, a former Venezuelan

release towards the end of November.

tant to ensure growth-friendly policies will not be

forgone or delayed because

of the possibility of a transi-

tory, adverse impact on sav-

- National saving in Latin

America has averaged less

domeetic product ovar the

last decade, compared with

more than 30 per cent in six

planning minister. It is now scheduled for

shows that at a July committee meeting to

A memorandum made available to the FT

ing rate of of more than 25 per cent, is the only Latin American economy where saving approaches Asian levels. Saving has actually fallen in 13 countries during the 1990s.

By comparing savings and growth rates in Asia and in Chile, the economists con-

praceded increasee

stabilisation plans are likely to reduce savings in the short to medium terms by giving rise to a consumption boom.

made to increase savings through the implementation of Chilean-style contractual savings schemes. But the paper argues that, though It was therefore "impor- cluded that higher growth these programmes help

dates the obligation through

an increase in the budget

discuss the report, the authors were asked to make significant changes to it. They asked for the report to be revised to make it less definitive and more practical in its conclusions.

The committee, of which the bank's president, Mr Enrique Iglesias, is a member, recommended among other things that a chapter on privatisation should be adjusted "with the object of reducing its excessively doctrinaire tone". A section on finance should be re-examined to avoid "an unnecessarily neo-liberal tone"

savings rather than the an important objective since they improve the allo-They also argue that there cation of investment are several reasons why ecoincrease significantly, unless nomic reform programmes could lead to an initial fall in taxpavers take on the burden of paying for existing savings. For example, cutting budget deficits pensioners not covered by thereby increasing public savines - was often associthe government accommo-

ated with declines in private

savings. Moreover, inflation

accompanied by a large fisoom. cal adjustment - of some 3
Attempts are also being per cent of GDP - to pay for existing pensioners. Reforms in other Latin American countries "have not involved a similar fiscal adjustment and the impact of reform on saving is therefore likely to be much smaller".

deficit, there is no direct

effect on national savings."

In Chile, the reform was

The paper also argues that big capital inflows tend to lead to short-term falls in savings rates, but that this occurs in both Asia as well as Latin America. After sharp criticism of

the paper from other econ-

omists in Paris, the authors

 who include the IADB's chief economist, Ricardo Hausmann - argued that they still considered saving important - but wanted to call into question its value as an interim target for economic policy. *Saving Behaviour in Latin America: Overview and Policy Issues by Michael Gavin, Ricardo Hausmann and Ernesto Talvi. To be published by the Organisation the new private scheme. "If for Economic Co-operation and Development in March.

in Promoting savings in

auctioned for \$11.8m

By Antony Thorncroft

A bronze cast of one of Degas' most celebrated works, "Petite Danseuse de Quatorze Ans". (pictured right) sold for \$11.8m at Sotheby'e in New York on Tuesday night. It was a record price for a Degas sculpture at auction.

The French artist made the original wax sculpture of the young girl working on her ballet exercises around 1880 but bronze casts were not made until the 1920s - 27 are known to exist. This example was sold by the Shelburne Museum in Vermont, which, in all, disposed of five important impressionist works for a total of \$31.2m, comfortably above the \$25m estimate. The money will be used to establish an endowment to care for the museum's collection. A Degas pastel, "Danseuse jame", showing a dancer taking a bow, went for \$8.7m, a record for a Degas drawing, while another Degas drawing of a dancer, "Danseuse à la barre" sold for \$6m. Given the attractiveness of the images, the international appeal of Degas, and the excellent provenance of the pieces - they were given to the Shelburne by its founder, the great collector Electra Havemeyer Webb, the prices were not unexpected.

auction of Impressionist and Modern works of art brought in \$61.35m but 24 were unsold, suggesting that bidding is still selective. However the most important works found

A Cézanne landscape "La côte du galet, à Pontoise", was on target at \$11m, while "Girls on a bridge" by Edvard Munch set an auction record for the Norwegian at \$7.7m.



Coffee gourmets fail the bean test

By Christopher Parkes in Los Angeles

California's coffee connoisseurs, trend-setters in the new cafe society, are facing the possibility that they may be reclassified as nothing more than coffee

According to a federal indictment laid against amount of Kona Kai coffee. against a respected Berkeley broker last week, leading coffee shop chains - and their customers - may have heen duped for almost a decade into paying top prices

for low grade beans. Mr Michael Norton, owner of Kona Kai Farms, is alleged to have netted a pereonal fortune of at least \$14m by selling Costa Rican and Panamanian coffee in the guise of produce from Kona, the tiny coffee-growing region on Hawaii.

Mr Norton's lawyer, denying the charges, said Kona was an "image" not a place. "Is all French bread baked in France," he added.

Top coffee shop chains, riding high and expanding internationally on the strength of their reputation as purveyors of gourmet beverages, were quick to deny

Starhucks, the market leader, which is planning a move into Japan, said it bought only "minuscule"

Experts said the scandal could have repercussions throughout the industry. Hawaiian growers were due to meet yesterday to discuss: their response to events. Only three years ago a growers' petition to register Kona as a trademark was rejected

in Washington. Kona, hand-picked on about 100 small farms in the only coffee-growing area of the US, sells for \$8 a pound compared with less than \$2 for more mundane varieties. The Kona area produces only 2m lbs of beans a year, although on some estimates, the US market consumes 20m lbs of "Kona blend".

AMERICAN NEWS DIGEST

Democrat fund inquiry rejected

The US Justice Department has rejected a request to appoint a special prosecutor to investigate Democratic party fundraising, after allegations that the Clinton administration dispensed political favours to foreigners in exchange for large campaign contributions.

The department said a task force of federal prosecutors would conduct a review of political fundraising for the 1996 election, adding that a special prosecutor could still be appointed later, depending on the evidence. In a separate investigation, the Commerce Department

is to hold an internal investigation into the conduct of a former employee, Mr John Huang, the man at the heart of the controversy over foreign-linked Patti Waldmeir, Washington political contributions.

Boeing team wins contract

An industry team headed by Boeing has won a \$1.1bm Pentagon contract to develop an airborne laser to shoot down tactical ballistic missiles in flight.

The team, which includes Lockheed Martin and TRW, will develop a prototype to be mounted on a Boeing 747 jet. The Air Force chief of staff, General Ronald Fogelman, said the laser could change the military's concept of defence. The Bosing team defeated a team headed by Rockwell International including General Motors' Hughes aircraft division and the E-Systems unit Reuter, Washington

Rise in US producer prices

US producer prices rose by an estimated 0.4 per cent in October, the Labour Department said yesterday, in the latest indication that inflationary pressures remain weak The figure marked an acceleration in wholesale price increases from September, when the index rose by just 0.2 per cent, but would have been much lower except forsharp increases in the highly volatile food and energy components of the index. Wholesale energy prices rose hy 1.9 per cent, while food prices were 0.8 per cent higher. The figures were seen as a vindication of the Federal

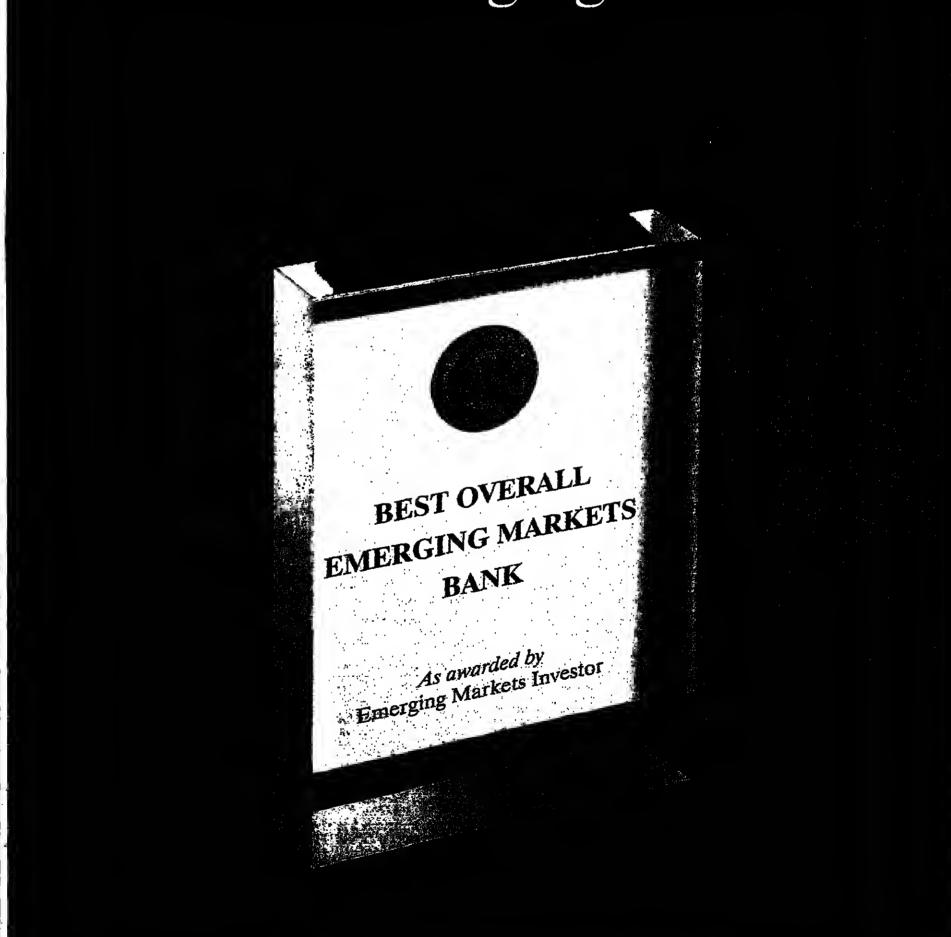
Reserve's decision not to raise interest rates in September. The Federal Reserve confirmed yesterday that it would hold interest rates steady amid signs that the economy is on course for modest growth with stable Gerord Baker, Washington

Chirac plea to French Guiana

President Jacques Chirac yesterday tried to calm tensions in French Guiana, where three nights of riots resulted in one person dend. Frustrated high school students have one persons seems a successive seems of section of section of section of the sect educational facilities. Their discontent spilled over into etreet protests a week ago in the main city, Cayenne, which led in turn to night-time violence.

Mr Chirac urged local authorities to "ensure that the demands of the Cayenne school pupils are satisfied". The French government has beefed up the police presence, semiing 150 extra gendarmes to Cayenne. AFP, Cayenna





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ING BARINGS



NEWS: INTERNATIONAL

US joins international force in Zaire

Washington and John

The US said last night it would join a multinational force to intervene in Zaire, contributing 1,000 ground troops and several thousand others to provide logistical upport.

The development paves the way for the despatch of a Canadian-led force of up to 20,000 troops commanded by Goma an a Canadian general - which Rwanda.

Britain said last night it

was ready to contribute "constructively" to the force, provided a satisfactory plan could be worked out.

British ministers said they had been beartened by pledges of large-scale US involvement in military action to ensure safe passage of humanitarian aid, espe-cially around the regions of Goma and Bukavu bordering

rity Council is expected to provide a mandate for the operation by the end of the

The US laid down strict conditions for participating in the force. US troops would be used to secure the Goma airfield in eastern Zaire and to provide security along a corridor from Goma to the Rwanda border.

Most of the US troops would be based outside

said no attempt would be made to separata militia forces from refugees in conducting the operation.

The White House ampeared to bave acted in haste in making the decision, playing down concerns about tha precise purpose of US intervention in its keenness to respond to international pressure for immediate

More than 1m long-term

between Zairean troops and Tutsi rebels, who hold much of east Zaire. Thousands are feared to be dying in the

The multinational force is supposed to help repairiate suspected French troops them but cannot force them to go home from the vast Mugunga refugee camp near Goma or from hills and forests where they are hiding. The hazards facing the force were highlighted yes-

Hutu refugees are cut off terday when Goma was from all aid by the conflict shelled, prompting UN officials to suspend their first distribution of aid. Rebels fired at an unider

> tifed aircraft as it made three passes over the city, with rebels saying that they were on board.

in Kigali, Rwanda's president warned the intervention could go the way of other ill-fated missions to Africa unless Zairean rebels were consulted.

The days of France's African hunting ground may be ending

Michela Wrong on Paris's discomfort over its Rwanda policy

fter weeks of fret-A ting, President Jacques Chirac has got ting, President Jachis wish.

£51

Now that the Rwandan government bas watered down its objections to French involvement in a Canadian-led military operation in east Zaire, stipulating only that Parls should not play a prominent role, France is once again in a position to intervene in central Africa,

The Rwandan change of heart will come as a massive relief. While other western countries were content to wring their hands over the unfolding tragedy, the French have pushed for international mllitary engagement from the start.

But most analysts believe such eagerness has little to do with concern for Im Hutu refugees behind rebel lines. Driving France, they say, is the need to stop the conflict sending destabilising ripples across central Africa, threatening its francophone allies, For the conflict in Kivu,

by challenging the territorial integrity of one of Paris's closest regional allies -Zaire - risks sabotaging decades of French post-independence policy in Africa. undermining cosy relationships fostered with a host of leaders across the continent. "President Paul Biva in Cameroon, Gabon's Presi-

countries neighbouring Zaire sions came up in interna-tio the west are absolutely frantic, says Mr Gérard But the relationship has Prunier, a French academic with close ties to the Paris government. "They all have ethnic problems of their own that spill over borders. They are afraid if Zaire becomes a maalstrom they will get splashed in the mud and will not be able to save them-

France's failure to take immediate unilateral action

'France is under pressure to show its allies it is not abandoning its own backyard'

in east Zaire confirmed these leaders in their suspicions that the halcyon days when much of the continent was Paris' chasse gardee - its "private hunting ground" -

Under the old arrangement, France regularly dispatched troops to shore up faltering regimes and bailed them out financially. In exchange, its companies won the lion's share of government contracts and Paris was assured of a flurry of

grown burdensome for France and a generation of young technocrats is urging Paris to "normalise" its relations with the continent and turn towards Europe, America and the Far East. Paris' allies, already dis-

late Rwandan Presidant Juvenal Habyarimana. would regard no action of any kind in Kivu as a sign France was both dropping Zaire's President Mobutu Sese Seko and leaving Zaire to fall apart. "France is under pressure to show its allies it is not abandoning its own backyard," says Mr Antoine Glaser, editor of the African newsletter Lettre dn Continent

still cared, it found its hands tied by compromising past intimacies. The crisis Since then the two counscrutiny one of the worst speaking terms. Kigali examples of its "special relationship" - with Mr Habyarimana'e genocidal regime.

Widespread suspicion over France's motives - delicately referred to in diplomatic language as the issue of "neutrality" - has been one of the main reasons why it has taken the international community so long to agree on a military interven-

with the former Hutu regime run deep. When the Tutsidominated Rwanda Patriotic Front (RPF) first inveded Rwanda in 1990 and then reattacked in 1993, hundreds of crack French troops were sent to bolster the army.

France not only trained Rwandan soldiers and milturbed by the downfall of the itiamen, it provided armoured cars and Gazelle helicopters and underwrote the delivery of millions of dollars' worth of weapons.

Little wonder then, that when France launched "Operation Turquoise" in 1994 to set up a safe zone in Rwanda, lts troops were cheered at roadblocks by the men responsibla for the deaths of half a million Tutsis, Paris had said it was intervening to sava lives, Ironically, just when irrespective of ethnicity. But Franca needed to show it the Hutus were convinced the real intention was to

accused France of using Operation Turquoise to spirit a blood-stained elite out of the country. France refused to invite the new regime to its Franco-African summit in Biarritz in 1994 and did its best to block European aid to a country struggling to rebuild its warshattered infrastructure.

Many of the leaders who played a key role in the



Zaire's deputy premier, Mutombo Bakafwa Nsenda, gestures during the World Food Summit, opened by the Pope yesterday. He said it was intolerabla for some to live in luxury while others starved Editorial Comment, Page 15

a fact bugely resanted in tions, been the first to Rwanda. Despite detailed resume aid to parish states. evidence against them, Paris has yet to extradite any to an international tribunal. Aware of the extent to

which Franca was compromised in the Rwanda story, Mr Chirac sought international legitimacy for intervention by courting support from wastern allies. But whatever role France now ends np playing in east Zaire, its policy in Africa has received a body blow, its decision-makers will be left with a bitter taste in their

In Zaire, Togo, Gabon, Cameroon, Benin and a bevy of other African countries, France has always taken the pragmatic, self-interested line. Critics say it has turned

genocide now live in France, a blind eye to rigged elecand tolerated human rights abuses for the sake of maintaining "influence" with the countries concerned.

As a result, France and all things French are hated by opposition movements across the continent which blame Paris for their people's subjugation. When, as in Rwanda, the resentful seize power, France risks finding itself persona non grata.

"The chickens are really coming home to roost," says Mr Prunier. "We had this notion that dictators were good for us and Africans didn't deserve any better. We have been behaving like slobs, and finally we have to pay the bill."

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R V White

MIDDLE EAST ECONOMIC CONFERENCE

Egypt-Israel business council established



bave set up an Egyptian-Israeli business council, with a political committee to lobby for continuing the Middle East peace process frozen by the hardline Israeli government of Mr Benjamin Netanyahu.

Mr Dan Gillerman, prestdent of the Federation of Israeli Chambers of Commerce, described the council as a "landmark" and the most important development to come out of the third Middle East and North Africa economic conference taking

place in Cairo. Nearly 50 of the two countries' most prominent businessmen founded the council at a meeting late on Tuesday night. Among them were Mr brahim Kamel of the Kato Group, one of Egypt's largest enterprises, Mr Mohammed Farid Khamis, chairman of the Egyptian Federation of Industrial Employers, and Mr Benny Gaon, president of Koor Industries, Israel's big-

gest industrial group. Israeli businessmen repre-

product took the unprecedented step in the May elections of endorsing the Labour prime minister, Mr Shimon Peres, against Mr Netanyahu. They argued that Israel had broken out of diplomatic isolation and into new international markets behind detente in the region. as s result of the peace process, with bigh growth, a doubling of exports and a sixfold increase in inward investment.

Growth in Israeli national income has plummeted since the election, while both the domestic stock market and Israeli shares listed internationally have been badly affected.

Corporate Israel's decision to join forces with its peers in the leading Arab country marks a more assertive stage in its lobbying for peace. It also underlines business fears that Israel - a dynamic economy which depends for its prosperity on integration into the global market could be pushed back into isolation if the Netanyahu government's irredentist policies are seen as feeding a new cycle of violence in the Middle East. Mr Warren Christopher.

US secretary of state, told senting shout 70 per cent of the 2,000 businessmen from

are the constituency for peace." Senior European and Arab officials expect President Bill Clinton in his second term to put more pressure on Israel to go back to

They foresee Arab governments cutting back recently established ties with Israel unless Mr Netanyahu businesses changes course. They also note that the European Union is losing patience with Mr Netanyahu, and that it has a "partnership" agreement granting Israel unique access to the EU's research

and development pro-

the country's gross domestic more than 70 countries at gramme and giving the can have \$3.5bn turnover men, despite growing presthe Cairo conference: "You country's dynamic high-tech and a return of 22 per cent sector its first real opportunity to crack the European single market. Common to the analysis of Americans, Europeans and

Arabs is that increased presthe "land-for-peace" formula sure on the Netanyahu government will show up domestically in tha form of pressure from Israel's internationally linked and listed

Mr Gaon for instance said: "What I'm worried about is the volume of Israeli shares being traded - you don't see volume. If Scottish Widows pension fund can't trade shares in Koor Industries, they'li buy something else. I

[on equity] and still get red on my [sbare-trading] screen.

"We are doing what we Netanyahul that the economy will not survive without peace. Peace and prosperity are not two avenues, they're one avenue," Mr Gaon said.

"Because the husiness community has felt the dividends of peace more than any other sector of [Israeli] society," said Mr Gillerman. "we have to make an investment in peace. Beyond the bottom lines, that's in our and keep our channels of

Many Egyptian business-

sure to slam the door on the Israelis, also believe it is worth keeping open lines to Israel's business lobby.

"We hope this will create can to persuade him [Mr some kind of momentum which will filter back politically," said Mr Gamal Mubarak, director of Mediny. est, a UK-based investment bank, and son of Egypt's President Hosni Mubarak.

"They are looking out for their own interests and they know their interests depend on continuing the peace pro-

cess," he said.
"We'li continue talking communication open to get

Cairo signs Turkish gas deal

Egypt yesterday signed an agreement to export up to 7.3m tonnes of liquefied natural gas a year by tanker to

Turkey from 2000. The parties to the memo-randum of understanding, signed at the third Middle East and North Africa economic conference, are the Egyptian General Petroleum

Corporation (EGPC), Tur-key's Botas Petroleum Pipeline Corporation (Botas) and Amoco Egypt Oil Company, a subsidiary of Amoco Corporation of the US.

The project, costing hetween \$2hn and \$4bn, includestwo joint ventures. The first, to be formed by EGPC and Amoco, will build and operate an LNG plant on Egypt's Mediterranean

A second joint venture,

to be established by Botas. will build and operate a regasification plant and other facilities near lamir, Turkey.

The Egyptian LNG exports will meet about 35 per cent of Turkey's natural gas

sible for transport and sale the previously proposed of the LNG to Turkey. "peace pipeline" rnnning from north-eastern Egypt to Turkey by land through the Gaza strip, Israel, Lebanon and Syria.

An Amoco spokesman said

that "under current regional

conditions" direct LNG

exports by tanker to Turkey

made the most ecocomic

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rackele

S and EU revise telecoms stances

In an agreed move, the US and the European Union yesterday tabled revised offers in World Trade Organisation talks on libaralising telecoms services, due to conclude next February.

The main improvement in the US offer is the scrapping of restrictions on the landing of submarine cables by foreign comincludes commercial satellite

off visit

in China

textiles

dispute

The Sino-US textiles dispute

before a bilateral textiles

The US trade representa-

Hayes had concluded that

scheduling difficulties with

Chinese officials had made

"substantive negotiations...

not appropriate at this

threats by Chinese officials

to retaliate against Wash-

ingion's imposition of sanc-

tions against Chinese textile

and clothing exports. These were imposed for alleged

trans-shipment of clothing

Tha statement follows

By Nancy Dunne in Washington

Satellite services ware included in Washington's previous offer, which opened local, long-distance and international services to foreign competition. But just before the original April 30 deadline, the US said it would take them out of its liberalisation package because of a lack of "critical mass" in market-opening pledges by others, especially

in Asia and Latin America.

Like the EU, the US has

moved towards a "technol-

ogy neutral" approach which interconnection rights to specifies the coverage of telecoms services whatever the method of delivery.

However, trada officials in Geneva said the value of the right to enter the US local market has been somewhat devalued by Tuesday's US Supreme Court ruling that upholds the authority of state rather than federal regulators to decide on deregulation of the local phone market.

will not be able to guarantee

local networks.

In addition, while international services are included in the offer. US officials say this depends on a solution to the "free-riding" problem.

US international operators such as AT&T fear foreign companies with a domestic monopoly will take a disproportionate share of US calls to their boma market, by offering cut-price rates that are subsidised by high con-This means Washington nection charges at their end. Other WTO members,

problem is manageabla and diminishing, because the systam of "international market if their home counaccounting rates" negotiated tries do not have competitive bilaterally by countries is markets. Trading partners increasingly being bypassed say this reciprocal test increasingly being bypassed by call-back services and company networks.

They argue that anti-competitive behaviour is best tackled by requiring all operators to observe strict licensing conditions. However, in April the US said it was not prepared to abandon the current powers of the Federal ment procedures.

sion to refuse a licence to would-be operators in the US breaches the WTO's mostfavoured-nation principle.

Their main concerns are to ensure that US licensing rules are non-discriminatory and that governments whose operators are refused a licence can bring their grievance to WTO dispute settle-

Gabi Rotter, its chairman.

"The sewing is done in Jor-dan. We ship out tha fin-

ished goods to Europe from

Jordan, which means we cut

Mr Rotter reckons the cost

of having garments sewn in

Jordan is between 30 and 40

per cent less than in Israel.

"Our total prices can be

reduced by about 15 per cent," added Mr Rotter, who

employs 150 Jordanians. "It

also shows this kind of

co-operation really means

something for the peace pro-

Mr Gideon Laks, chairman

of Kitan textiles, which has carved out a niche in high-

quality bed linen, sees two

trends emerging as competi-tion increases and the eco-

nomic trade-off from the

peace process becomes even

more apparent: "More of the

labour intensive work will

be done outside Israel, and

Israeli companies will be

doing less of the spinning

But any success in

restructuring the industry

will depend on the continua-tion of the peace process -

which has come to a virtual

standstill since the election

of Mr Benjamin Netanyahu

as prime minister last May.

and trust in the peace pro-

cess, the Israeli textile indus-

try has shown what can be

gained from peace. But to

have any substantial devel-

opment tha peace process

has to be kept going," said

"In terms of confidence

and weaving."

Mr Bardash.

back further on costs.

WORLD TRADE NEWS DIGEST

Fiat wins big train order

Fiat Ferroviaria, the rail equipment subsidiary of the Italian automotive and industrial group, said yesterday it had won a L180bn (\$119m) order to supply Malaysia with seven tilting trains, each comprising six wagons, with an option for a further 15 trains.

Fiat Ferrovlaria, in a consortium with Malaysian companies led by Diversified Resources Berhad, beat Japanese rivals to clinch tha contract - the first order for tilting trains in Asia outside Japan. The trains, which cut journey times by enabling tha train body to lean into curves, will be supplied to KTMB, the Malaysian railway, for use from 1999 on the 234km line from Ipoh to Kuala

Work is being carried out on the longest stretch 174km from Ipoh to Rawang – and the tilting trains will cut the journey time between these cities from over three

Taiwan starts WTO talks

Taiwan is to begin a new round of bilateral talks with tha US today on joining the World Trade Organisation. During a week of negotiations over conditions for US support for Taiwan's membership, the two sides will focus on imports of liquor and cigarettes, Washington's chief remaining concern. Taipei has pledged to dismantle a state monopoly on the import, production, sale and distribution of alcohol and tobacco and liberalisation is proceeding, but not fast enough to satisfy major trading partners. The US is demanding changes to import duties on liquor and tobacco before it will back Taiwan's entry to the WTO. The main obstacle to Taiwan's WTO entry is China, which is demanding that Beijing be granted membership first. Laura Tyson, Taiper

Thais award power contracts

The Electricity Generating Authority of Thailand (Egat) is to award independent power producer contracts worth \$4.95bn to four international consortia for the supply of 4,172MW of power from 2001. The move surprised energy industry analysts and the companies involved in Asia's largest independent power producer scheme. Egat originally was thought to be considering between two and three consortia to supply no more than 2,800MW. But Egat was so successful in negotiating favourable prices for electricity sales that it decided to award the contracts all at once, officials said.

The four bidders likely to be approved by Egat's board at a November 22 meeting include: Union Energy, comprising Thailand's Saha Union, Tomen of Japan and Imartran Voima Oy of Finland to build a 1,400MW coal-fired facility, and BLCP Power, a joint venture between Bangu and Loxley of Thailand, CRA of Australia and PowerGen of the UK, which will also build a 1,400MW coal-fired plant.

Gulf Electric, a consortium of Lanna Lignite and Siam City Cement of Thailand and Mission Energy of the US will build a 700MW coal-fired plant and BWII Power, a joint venture between Thailand's Hemaraj Land and Development and Bechtel of the US will build a 672MW Ted Bordacke, Banakok

Australian rail link backed

The South Australian and Northern Territory governments yesterday pledged to commit A\$100m (US\$79m) each to a proposed rail link between Alice Springs in central Australia and the northern port of Darwin. The link would complete a north-south rail corridor across Australia and could boost trade by cutting six days off the Melbourne to Singapore sea cargo route the estimated A\$1bn project could be viable, although other studies have been less encouraging. Efforts are now mainly focused on encouraging a predominantly private sector development, with Daewoo among those thought to have some interest. Nikki Tait, Sydney Australia survey, separate section

■ ABB, the Swiss-Swedish conglomerate, plans to raise its investments in China from \$600m to \$1bn by 2000. according to Mr Percy Barnevik, its president. ABB will invest in new plants to supply equipment for the \$30bn Three Gorges dam on the Yangtze river. These will augment production from its existing 18 joint ventures. China represents 3-4 per cent of ABB's worldwide business, but Mr Barnevik predicted that would rise to 10 per cent by early next century. Tony Walker, Beijing

■ Ansaldo Energia, part of Italy's state-owned Finmeccanica-Ansaldo group, is to build a 400MW power station in West Java, Indonesia, under a build-operate-own project in a consortium with Nrg Energy of Minneapolis and Pt Kiana Metra of Jakarta. The project is worth L1,000bn. Ansaldo will take a 45 per cent stake in the joint company and the scheme involves purchase of power by the Indonesian authorities for 30

■ Eurocopter, the venture between Aérospatiale of France and Daimler-Benz Aerospace of Germany, has received a FFr200m (\$39m) order to supply the Bavarian police with nine EC 135 helicopters.

US calls | Israel rag trade crosses the border

Peace process precipitated a revamp of textile industry, writes Judy Dempsey

hen Israel and Jordan signed a peace treaty two years ago, Mr Dov Lautman, chairman of Delta, one of Israel's largest textile groups, saw

Saddled with rising costs in a labour-intensive industry, he decided to move a part of his manufacturing operations to neighbouring Jordan. Mr Lautman has not regretted the decision.

deepened yesterday when tha chief US negotiator on Israeli textile manufactextiles postponed a trip to Beijing, just six weeks turers are facing the sama problems as their European counterparts: high labour costs and growing competition from south east Asia," said Mr Lautman, who has tive's office said Ms Rita 4,000 employees on his pay-roll in Israel.

ironically, it was the peace process which exposed the lack of competitiveness in Israel's textile industry. In 1992, Israel signed free trade agreements with the US and the European Union aimed at reducing the hefty 110 per cent tariffs imposed by Israel per cent by 2002. "That agreement exposed

By Alice Rawathom

region.

The music industry plans to

label every compact disc and

cassette tape sold in Latin America with a hologram as part of its crackdown against

piracy, which is rife in the

Nearly \$300m worth of ille-

gal CDs and cassettes were

sold there last year, against legitimata sales of \$2.05bn,

according to tha Interna-

tional Federation of the Pho-

Latin American music

sales have risen steadily in the mid-1990s and the region

is seen as an area of high

growth. Record companies

are anxious to clamp down on piracy now, rather than

risk it spiralling out of con-

nographic Industry.

to third countries in order Israel to real competition." to evada the effect of US said Mr Kory Bardash, analyst at Zannex Securities, Beijing denied any com-"Israeli manufacturers were finding it difficult to complicity in trans-shipments and said that from Decempete with labour costs which ber 10 it would temporarily are between 20 per cent and suspend some imports of some US textiles, farm goods, animal husbandry products, fruits and alco-

Mr Jay Ziegler, spokesman for the US trade represeniative's office, played down the threats of reprisal, describing this was a usual Chinese response to US sanctions. In any case, the threatened sanctions "all in areas where we have market access concerns", be

Mr Ziegler said the timing of the sanctions announcement was odd, considering China's interest in renewing a bilateral pact. The pact, wblch expires on December 31, allows the US to impose triple damages on transshipments. Beijing has sought to modify the terms of the pact and demanded compensation for a July 1 revision in the US rule of. origin, which has hurt Chinese exports. China's textile and clothing exports to the US have been dropping since

1994. The textile dispute comes inst as the Washington administration is hoping to improve trade relations with

Mr Warren Christopher. secretary of state, is due in Brijing next week to pave trol and preventing them the way for President Bill from exploiting the region's Clinton's meeting with Chi- full potential nese President Hang Zemin. Holograms have been have been ordered, bearing a

7 4



on US and EU imports to 12 Peace process spin-off; the Middle East textile trade goes regional

garments were imported, compared with 10 per cent three years earlier. Over the same period, Israeli labour costs had risen 30 per cent in US dollar terms and inflation had risen 30 per cent.

Crackdown on Latin

America music pirates

the authorities and record retailers to check whether a

product is legitimate, and

the cost of producing an

original one is too high for

The music industry intro-

Exposure to competition 30 per cent higher than in Greece or Spain," he added. meant Israeli textile compa-nies had to restructure their The impact of the free 50,000-strong industry. The peace agreement signed trade agreements, among the first fruits of the peace probetween Israel and Jordan in cess for Israel, was swift. By 1994 provided the opportu-1995, 25 per cent of Israeli mity.

Delta last year started manufacturing in Jordan, where it now employs between 300 and 400. "We feel very comfortable about setting up there, The peace process is very good for all sides. We need each other," said Mr Lautman. Delta, which specialises in lingerie, had already moved part of its sewing facilities to Egypt in 1994 and it now employs about 700 workers there.

Delta's initiative sent a

total exports, which

amounted to \$17.9bn. Earlier this year, Castro, a coat and jacket manufac-

signal to other Israeli textile manufacturers who are dependent on the export market. A third of the industry's \$3.4bn sales last year came from exports, accounting for 9 per cent of Israel's

turer, set up a joint venture in Jordan, "We do the cutting and the designs and the patterns in Israel," said Mr

The pirates of Latin America

Music industry piracy in selected countries (5m) Legitmate sale All Latin America Legiti- Pirate Total 2,050 298

the Latin American hologram initiative, which coincides with greater efforts from the region's authorities to prosecute music pirates,

in Poland three years ago, and the proportion of record sales commanded by counterfeited products bas since fallen from 90 per cent to 22 per cent. A similar exercise in Hungary has halped than 1,000 raids resulting in reduce the pirated share of tha seizure of \$16m worth of the market from 60 per cent

to 23 per cent.
The Latin American project marks the first time that holograms will be added to CDs and cassettes in an entire region.

Soma 185m holograms

effective in curbing music two and three dimensional piracy in other countries. A image of the Latin American hologram makes it easy for music industry association. The industry bopes that

will have a similar effect as duced anti-piracy holograms in Poland and Hungary. Recent crackdowns on piracy in Latin America, particularly in Paraguay, where most of the region's counterfeit production plants are based, have involved more

> CDs and cassettes. Mr Frank Welzer, president of Sony Music's Latin American division, described the holograms as a "necessary step" but warned that further steps were needed to curb piracy in markets and

The US has expressed concern about piracy of videos, sound recordings and patents in Italy and Thailand, but praised Taiwan for efforts it has taken against copyright theft, Reuter reports from Washington.

Ms Charlene Barshefsky, Acting US trade representative, said counterfeiting remained a big problem in Italy and the

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government's proposed auti-piracy legislation failed to toughen criminal penalties adequately.

"Italy appears to have some of the lowest criminal penalties in Europe and one of the highest rates of piracy,"

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It gets tougher at the top in SE Asia

The government is passing the downturn off as some thing temporary, a cyclical sag caused mainly by the easing in global demand for computers and other electronic products.

Economists and senior executives, bowever, are less sanguine. They say that while a rebound can be expected over the next six months, the rapid decline in Singapore'a fortunes this year bas exposed some structural weaknesses which are more than transitory.

In addition, a resurgence of regional competition in fields as diverse as shipping and finance threatens to whittle away slowly at Singabore's pre-eminence in south-east Asia. The overall result, economists say, could be a moderation in growth levels to somewhere between the stately progress of western economies and the vigour of the Asian

Tigers.
"The days of double-digit annual growth are over," said Mr Neil Saker, senior regional economist et Croshv Securities in Singapore, "But in the medium term, Singapore can still continue to grow at a rate of about 7 per

Another regional economist said: "Singapore will probably not drop out of the Asian Tiger division, but it may have to fight a few rele-

By Tony Walker in Beijing

Vice Premier Zhu Rongji

nomic development and

growth would help the world

and China needs the world,

he said. "We are willing to

carry out broad exchange

Mr Zhu, who is regarded

as China's economic "czar",

appeared to be answering

doubts expressed recently in

the west about Beijing's

commitment to reform and

"The world needs China

to prosper.

and co-operation.

ingapore is undergoing bas been prompted by its worst economic unusually negative news. Slowdown in a decade. The island's gross domestic product grew just 3.2 per cent in the third quarter of this year from e year earlier. the worst showing since a recession in 1985-1986. The decline was steep; in the first quarter the ecocomy grew et 11.4 per cent and

> prompted the government to revise its full-year GDP forecast to 6 per cent, its second downward revision this year. In July it revised its forecast to between 7 and 8 per cent from 7.5 per cent to 8.5 per

in the second at 7.5 per

Undoubtedly, the falling worldwide electronics demand had e big impact on the beadline figures. Electronics make up about 44 per cent of the country's manufacturing output and about 60 per cent of its non-oil exports. August and Septembar are usually buoyant months when electronics companies step up production to prepare for Christmas, but this year many manufacturers cut production by 10 to 15 per

With an economy so dependent on electronics. hopes for a rebound are pinned squarely oo upward ticks in the US book-to-bill ratio, which compares the rate of orders to actual sales. The rate of orders bas recently risen to exceed sales for the first time in The bout of introspection several months, heralding a

Beijing in call to boost

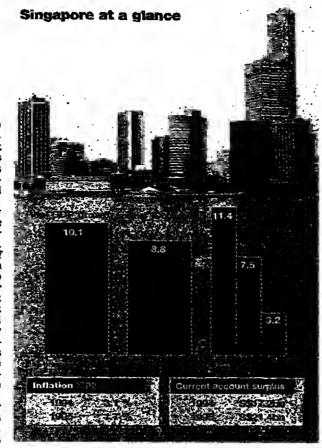
global economic links

turnaround from which Singapore should benefit. Estimates vary but most analysis say that it takes about three to four months before the full effect of stronger demand is translated into higher production.

Nevertheless, the last few months bave raised more enduring questions over Singapore's economic future. Mr Robert Chua, president of the Singapore Confederation of Industries, said the group "very concerned" over the recent slowdown. It appealed to the government to reduce industrial land and factory rentals, proparty taxes, levies on hiring forelgn workers, port charges and electricity costs. The island's international competitiveness was at stake, be

The main problem for manufacturing, bowever, is the high level of wages, which bave in some cases risen above European levels and have left salaries in neighbouring countries far

It is not surprising that Singapore's neighbours have identified this weakness as a force which may be turned to their edvantage. Ports in Indonesia, Thailand and Malaysia are engaged in capacity expansion to win cargo that is currently handled by the Port of Singapore Authority, the world's second busiest hub. Singapore's port, an economic engine which contributes about 5 per cent of GDP, stands to lose a significant amount of



business if the strategies of its neighbours pay off; more than half Malaysia's export cergoes currently pass through Singapore.

Neighbouring countries have also begun to compete in luring investments from foreign high-technology companies. Malaysia, for example, expects to make the industrial leap of breaking ground at its first semiconductor wafer plant next year. Regional financial markets, too, are liberalising, presentto Singapore's supremacy as shore."

the region's financial hub. But economists say that although the modernisation of Singapore's neighbours may hit the island's manufacturing sector, it could elso have the effect of enriching its services busi-

"It is not a zero-sum game," said Mr Vincent Low, regional economist et J.P. Morgan in Singepore. "It makes sense for a company to locate its beadquarters ing a future - though at the ment in Singapore while moment remote - challenge having its production off-

Ramos warned over economy

remedial action is taken.

Imports, meanwhile, were

With domestic savings at saying the rebound in

first six months, up from 2.5 per cent last year, could reach unsustainable propor-

the country's 4m overseas workers could not be relied on to keep the country in balance of payments surplus indefinitely, he said. A 76 per cent surge in overseas remittances this year has helped boost the capital account surplus to \$8.9hn in the first

Mr Singson's comments

for management by outside The IMF report, which sald infrastructure spending in the Philippines, at 3 per cent of GDP, was around half the south-east Asian average, said the Philippines should swiftly enact the controversial tax reform package. The tax bill has languished in congress for more than six months owing to lobbying between rival business groups. It is intended to guarantee recurring budget surpluses as the privatisaASIA-PACIFIC NEWS DIGEST

UK and

China

\$62bn

accord

By John Ridding

In Hong Kong

HK fund

Britain and China yesterday

signed an agreement to

transfer Hong Kong's for-

eign exchange fund, worth about US\$62bn, to the terri-

tory's new administration

upon the change of sover-

The eccord marked a fur-

ther move to reassure the

financial community about

the antonomy of Hong

Kong's economic manage-

ment and control of its assets after the handover.

Under the terms of the

treaties underpinning the

transfer of sovereignty, the

new Hong Kong administra-

tion will be fully indepen-

tary and economic

"It [tbe agreement]

ensures there is no gap or

doubt regarding the man-

agement or ownership of the

fund," said Mr Hugh Davies,

the bead of the British dele-

gation to the Joint Liaison

Group, the Sino-British body

Mr Davies described the

'agreed minute" as a com-

fort letter for the financial

institutions involved in

would be "antonomy on

Yesterday's move came as

Mr Lu Ping, China's top offi-

cial on Hong Kong affairs, stressed Hong Kong's fiscal

antonomy under China's

sovereignty. He said Beijing

"will not ask for a penny

after the bandover, nor

would it levy taxes in the

territory. According to Mr Lu, the People's Bank of

China will not establish any

He said the central bank

would not interfere with

local financial anthorities

but would "actively support the local authorities in their

efforts to stabilise local

finance and maintain the

exchange rate of the Hong

The exchange fund, which

underpins the territory's

currency, has risen by just

under US\$5bn since the

While the Hong Kong

Monetary Anthority has

control over the reserves, it

delegates some of the funds

beginning of the year.

Kong dollar".

branch in Hong Kong:

overseeing the handover.

facto central bank.

reserve matters".

management.

eignty in July next year.

sign

Vietnam loan rules on way

Vietnam's central bank is shortly to issue regulations defining the concept of non-performing loans and bad debt, the first significant move towards adopting international commercial practices in the banking sector. Mr Do Que Luong, central bank deputy governor, said resterday the International Monetary Fund was helping draft documents adopting "international standards

according to Vietnamese needs".

International standards require non-performing loans to be classified as bad debts after 180 days, but the initial Vietnamese benchmark would be 90 days. He was speaking after signing a SKr3.4m (\$515,933) agreeme with the Swedish government to finance the independent audit of Industrial and Commercial Bank, one of the country's biggest banks. The project is part of e wider, World Bank-assisted effort to encourage transparency in the banking sector as the country moves towards e more

Official newspapers touched on the subject of bad debts for the first time last month, saying the level of "overdue debt" at the four state-owned banks, which account for 75 per cent of banking assets, was 4.2 per cent of all loans. Foreign bankers say this understates the case. Many smaller joint stock banks are expected to go out of business by the end of this year in what is being seen as a welcome shake-out, prompted by a central bank requirement that each bank boost its minimum capital base to 70bn dong (\$6.8m).

Bhutto appeals to top court

Mrs Benazir Bbutto, the deposed Pakistani premier, appealed to the Supreme Court yesterday against her sacking and described the dissolution of her government as illegal and unconstitutional, in a 42-page appeal.

President Farooq Ahmed Leghari, who sacked the Bhutto government on November 5, yesterday appointed four new ministers to the cabinet, raising to 16 the interim government led by Mr Malik Meraj Khalid, a veteran politician and former national assembly speaker.

Mrs Bhntto's eppeal said the caretaker appointments and other measures taken against her and her detained husband, Mr Asif Ali Zardari, showed that the president was not acting fairly eccording to the law and had no intention of seeking a "fair verdict" from voters. In her appeal she called on tha Supreme Court to have ber reinstated, applying the principles used in 1990 when the then premier, Mr Nawaz Sharif, was reinstated after being cacked by President Ghulam Ishaq Khan.

managing the fund, which comes under the control of Mr Leghari accused the Bhutto government of the Hong Kong Monetary corruption and nepotism, causing e breakdown of law and Anthority, the territory's de order, economic mismanagement, administrative irregularities, violation of human rights and Mr Zhao Jihua, a Chinese responsibility for thousands of extra-judicial representative to the Joint Liaison Group, described the accord as ensuring there

Bangladesh may try coup men

Bangladesh's parliament has voted to repeal a landmark indemnity law enacted 21 years ago to protect the leaders of e military coup in which the founder of Bangladesh, Sheikh Mujibur Rahman, and members of his family were killed. The move paves the way for the trial of the coup leaders, many of whom are already in detention, including a former minister, and three retired senior

The government of the prime minister, Sheikh Hasina, the daughter of Sheikh Mujibur Rahman, enjoys e comfortable parliamentary majority.

The vote to repeal the "indemnity ordinance" was carried unanimously in the ebsence of the opposition Bangladesh Netionalist party and Jamaat Islami party MPs, who boycotted the vote. Of the eighteen people so far arrested in connection with the coup, 15 are former army officers or soldiers. The police has said the they may however open e Pandora's box in e country which has had more than 20 coups in its 25 years of Kasra Naji. Dhaka history since independence.

Seoul health minister quits

Mr Lee Sung-bo, South Korea's health and welfare minister, appointed to the post only three months ago resigned yesterday because of his wife's involvement in a bribery scandal. President Kim Young-sam immediately accepted Mr Lee's resignation and eppointed Mr Sohn Hak-kyu, e government party legislator, to succeed him. Mr Lee was named to the post in August in e cabinet

East Timorese leave Jakarta

Four East Timorese asylum seekers, accompanied by Red Cross officials, left the Spanish embassy in the Indonestan capital of Jakarta yesterday evening to get a flight for Portugal, witnesses said. One of the East Timorese youths made victory signs through the windows of the International Committee of the Red Cross car as they left

The four East Timorese had scaled the wall into the embassy on Tuesday, when there were demonstrations in Jakarta and East Timor on the fifth anniversary of e massacre in the troubled territory by Indonesi troops.

opening-up during a difficult political transition to a new generation of leaders. The Chinese official also provided an upbeat view of China's economy, describing progress as "pretty good". He noted that inflation per cent". had been brought under control "much more effectively

Celstra

than expected" and price rises would moderate to 6.5 per cent this year, about half Growth in gross national



Describing the next 15 years as "crucial", he pre-

Interoational Business

Mr Zhu's positive remarks coincided with the release of trade figures which showed exports climbed again in monthly increase in a row.

Or Which company in the UK

is natotna Srician Marosomes

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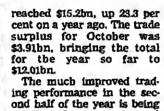
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10 per cent this year, higher than earlier government forecasts of 8-9 per cent. Foreign exchange reserves would exceed \$100bn by the

dicted China would "continue its sustained, rapid and healthy growth with GNP annual increases of 8-9

next year.

product would reach about Daily reported that exports



\$3.91bn, bringing the total

The much improved trading performance in the second half of the year is being attributed to accelerated payment of export tex rebates and an expansion of

up 3 per cent in October to Exports to October stood at \$119.22bn, much the same

as last year, with imports at \$107.21bn, up 5.5 per cent on the same period in 1995. Reuters news agency quoted Mr Wang Jian, a researcher with the State Planning Commission, as

exports was expected to continue until the first half of He predicted that slow domestic demand due to e lingering credit squeeze would continua to force exporters to look overseas. Domestic enterprises bad

also adjusted to the cut in export tax rebates to 9 per cent from 14 per cent. China appears beading for trade surplus of \$14bn-\$15bn, slightly less than last

year but higher then pre

dicted earlier this year.

By Edward Luce in Manila Gabriel Singson, tions, he warned. Hefty remittances from governor of the Philippine central bank, has warned President Fidel Ramos that

the country's growing current eccount deficit could undermine the Philippine economic turnaround unless

letter to the president, disclosed yesterday, that the gap between the country's investment and savings rate was growing rapidly.

less than 19 per cent of gross domestic product (GDP). well below the 30 per cent rate typical in most of Asia. the Philippines was relying too heavily on foreign borrowing to fund the country's ambitious investment programme, Mr Singson maintained.

"Our savings rate is much lower than the average around Asia," Mr Singson told the Financial Times yesterday. "We are studying ways of rectifying this, including creating a central provident fund [compulsory sevings schemel, modelled on Singapore or Malaysia." The savings/investment gap, which has pushed the current account deficit to 4.2 per cent of GDP in the

nine months.

reflect growing concern over the country's widening trade deficit, despite registering export growth of 18 per cent so far this year.

His letter to the president was leaked two days after the International Monetary Fund urged the Philippines to boost its capital budget.

institutions. Chinese and British officials said they had agreed to appoint a "reputable" international auditor to monitor the accounts of the exchange fund. They said yesterday's accord specified all documents and agreements signed by the Hong Kong Monetary Authority np to June 30 next year would continue to be valid afterwards. tion scheme runs out. Editorial Comment, Page 15



The Hungarian Privatization and State Holding Company (APV Rt., 1133 Budapest, Pozsonyi ut 56.) is hereby notifying all interested parties concerning the postponement

of the November 4 deadline for submitting bids in the tender announced on September 6, 1996 for the sale of shares in the fully state-owned recently restructured Recski Ércbányák Rt. - Ore Mines Recsk Co. Ltd. - (formerly Recski Érchánya Vállalat).

The new deadline for submitting bids is

December 4, 1996, between 1:00 and 2:00 p.mg

Hungarian Privatization and State Holding Co. 1133 Budapest, Pozsonyi út 56., 8th floor, room 895

All other conditions visa-vis the submission of bids remain unchanged

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TENDER NOTICE

Steep decline reduces unemployment level to lowest point since 1991

Demands mount for rates rise

By Graham Bowley and Samer iskandar in London

Mr Kenneth Clarke, the chancellor of the exchequer, ation. It said total employfaced mounting pressure for higher interest rates yester- ond quarter of this year, day after the biggest fall in two years cut the jobless rate to its lowest level since 13,000 in September to 3.9m.

of work and claiming benefit fell by a seasonally adjusted 40,800 in October to stand at ing Conservative party a 2.03m. the Office for political boost in the run-up National Statistics said yes—to next year's general electerday. The unemployment tion.

rate fell to 7.2 per cent of the workforce.

The ONS also painted a brighter picture of job crement rose 87,000 in the secmore than twice the increase in manufacturing grew by

The figures raised the The number of people out prospect that unemployment could fall below 2m by Christmas, handing the rulto next year's general elec-

Excluding the adjustment for seasonal factors, unemployment has already fallen below 2m - for the first time in more than five and a half

October's fall, which was much larger than expected. unemployment for almost it estimated last month. Jobs suggests the decline in Britain's iobless is gathering speed as the economy grows more quickly.

However, the improvement was exaggerated by the introduction of the Jobseeker's Allowance, the new benefits eystem which has replaced unemployment ben-

new computer system at Job-Centres - the state employment bureaux - meant the fall in joblessness was overstated by about 10,000, although this distortion is

was still falling at an underlying rate of between 15,000 and 20,000 each month. Financial markets were unsettled over worries that faster economic growth may

be fuelling inflationary pres-

Ireland MPs for failing to table detailed

proposals in Brussels for a possible end of

the ban on beef from certified BSE-free

herds. Then some Conservative MPs

attacked the government for failing to com-

pensate companies involved in cattle head

de-boning, many of which have been put out

of business by the BSE crisis. The govern-ment's failure to secure any easing of the

beef export ban in the five months since the

Florence summit prompted Mr Robin Cook, the opposition Labour party's shadow for-eign secretary, to say that "the beef war is

the first war in history where we took on

the rest of Europe; past governments have

made sure that at least we had France or

tion on the herd in which it

was born, its disease record,

every journey it makes from

farm to market its sex col-

our and age. Established to

tackle tuberculosis and bru-

cellosis, the system now

indicates if an animal has

belonged to or passed

through a herd affected by

BSE, with information dat-

But despite the advantages

of full traceability, Mr Ron

Martin, Northern Ireland's

chief veterinarian, fears a

ing back six years.

Teething problems with a need for another interest rate increase following last month's quarter point rise to 6 per cent.

The price of UK government bonds, or gilts, fell sharply on the prospect of expected to reverse next higher interest rates. Gilts now yield more than Italian As a result, ONS statisti-As a result, ONS statisti-ciaus said unemployment futures contracts suggest investors expect interest rates to be raised to about 6.75 per cent by next Easter.

The Treasury revealed yesterday that Mr Eddie George, governor of the Bank of England, the UK central sures, bringing forward the bank, warned in September

Factory labour costs rise as unemployment falls

that a quarter-point increase in interest rates would probably not be enough to keen the chancellor on course to achieve his target of 2.5 per-

1992 93

cent underlying inflation in But the figures yesterday

showed no immediate signs

of surging inflationary pressures in the labour market. Underlying average earnings in the economy grew 4 per cent in the year to September, unchanged from the pre-

freight service to grow

By Charles Batchelor, Transport Correspondent

English Welsh & Scottish Railway, the US-owned company that took over the bulk freight operations of Britain's state network, plans a big expansion of its service specialising in singlewagon shipments around the

Mr Julian Worth, business development manager, said vesterday that new services to include the east coast ports in the company's "enterprise" network would start in January, catering for loads as small as 25 tonnes. Journey times between Scotland and southern England would be reduced by increasing the average speed of trains by 25kpb to 120kph.

EWS has made expansion of single-wagon and part-train services a priority because journeys are normally longer than in its bulk freight business and involve higher value and, therefore, more profitable products. Such shipments account for 80 per cent of the business of Wisconstn Central Transportation, its US parent

British Rail, the former state organisation, withdrew in 1991 from single-wagon services because of mountits enterprise service wagons to trains which are running anyway, thereby keeping down costs.

EWS has carried 500,000 tonnes of single-wagon freight since the service was launched two years ago and is carrying freight at an annual rate of 500,000 tonnes. It has recently begun carrying fluorescent light fittings and fibreboard, both of which require delicate handling.

> EWS is keen to develop services that can fit into manufacturers' and retailers' delivery requirements in a market dominated by road distribution.

> > Virgin rail bid, Page 10

* N Ireland pins hope on beef data Protests about

Farmers say they have evidence needed for Brussels to cancel export ban

Beef exporters in Northern Ireland are pinning their hopes on a database, unique in the UK, which contains elaborate details of the lives, health and movements of the region's 1.6m cattle from birth to supermarket.

is Citing

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1 250

Farmers and government officials in Northern Ireland. say the record provides the proof needed for the European Union to exempt the region's berds from the seven-month-old ban on UK beef exports, once suspect animals bave been

Northern Ireland has had 1.733 cases of bovine spongiform encephalopathy (BSE) since 1988, just over one per cent of the UK total. Only 3 per cent of berds have been affected. Yet Northern ireland has suffered disproportionately from the ban. Beef production is the core of agriculture, the biggest industry in the region. employing 60,000 people or 8 per cent of the workforce.

Before the ban, beef production was worth £414m, nearly 40 per cent of gross farm output or 4 per cent of the region's GDP. It could not survive for long accounts for 20,000 jobs.

Exports outside the UK represented half of Northern Ireland's beef sales, with the Minister fails to soothe MPs on 'mad cow' crisis

Mr Douglas Hogg, agriculture minister, yesterday faced fierce criticism from all co-operation in Europe.

Mr Hogg was also attacked by Northern ting there was little prospect of an early end to the export ben on British beef, George Parker writes.

Mr Hogg conceded that even if Britain met its side of the deal agreed at the EU Florence summit in June and slaughtered an extra 128,000 cattle, other member states might still refuse to end the ban.

He said consumers and farmers elsewhere in Europe were adamant the ban should stay in place. "We are not going to get from member states a timetable by which an end to the ban will be lifted," he added. His gloomy assessment prompted calls from some Conservative MPs that Britain should resume the ill-fated "beef war" of last summer, where UK ministers tried to get the Prussia on our side."

Northern Ireland and the political action, and for the British mainland. For mainland beef producers, exports are 28 per cent of total beef

Mr Greer McCollum, president of the Ulster [Northern Ireland] Farmers' Union, who travelled to London to lobby MPs at yesterday's BSE debate in the House of Commons, said his members with prices more than 20 ner

cent below pre-crisis levels. "This is the most critical" period of the crisis," he said.

sympathy of our European partners to be translated into something definite."

The Northern Ireland agriculture department has also been lobbying hard, hosting weekly visits by EU and other diplomats to view the database. Germans, French, Spanish and South Africans are among those who have seen the computer in action.

The eight-year-old system - due for a big overhaul soon - matches the number carried on each animal's

Brussels on a scheme for certified herds that would be exempt from the ban is taking time. It would guarantee beef came from animals under 30 months old that had never been in contact with herds affected by BSE.

Securing agreement in

The British government is awaiting results of research into the transmission of BSE from cow to calf before deciding whether to press ahead with a selective cull to eliminete animals most at risk from the disease. These results are not expected until early next year.

There are internal delays, too. Signs that Northern Ireland might be given special treatment have angered Scottish farmers.

Beef is the most important agricultural sector in Scotland and there are fears Northern Ireland might steal its export markets.

Farmers' leaders in Northern Ireland have meanwhile suggested the industry could fund a selective cull in the province to get things moving, But Baroness Denton Northern Ireland farming minister, said a cull would be futile unless the result was an end to the EU export ban. "We have to be sure it's taking us somewhere."

Alison Maitland stocks are to be transferred

Crest share system increase

and John Gapper in London

Senior managers of Crest. the electronic share settlement system, are coming under increasing pressure from leading financial institutions over their handling of the City of London's troubled transition from a paperbased system.

Settlement managers of leading investment banks are calling on CrestCo, the company which owns and runs Crest, to agree to meet minimum standards. The move comes after unexpected delays and difficulties

that have dogged the system. The investment banks, including BZW, UBS and SBC Warburg, claim that Crest is working far more slowly and unreliably than they had been led to expect. They have also called for action against a list of smaller brokers they believe have caused delays.

The complaints follow delays caused by software and other problems that have culminated in CrestCo putting back the approximate date on which large

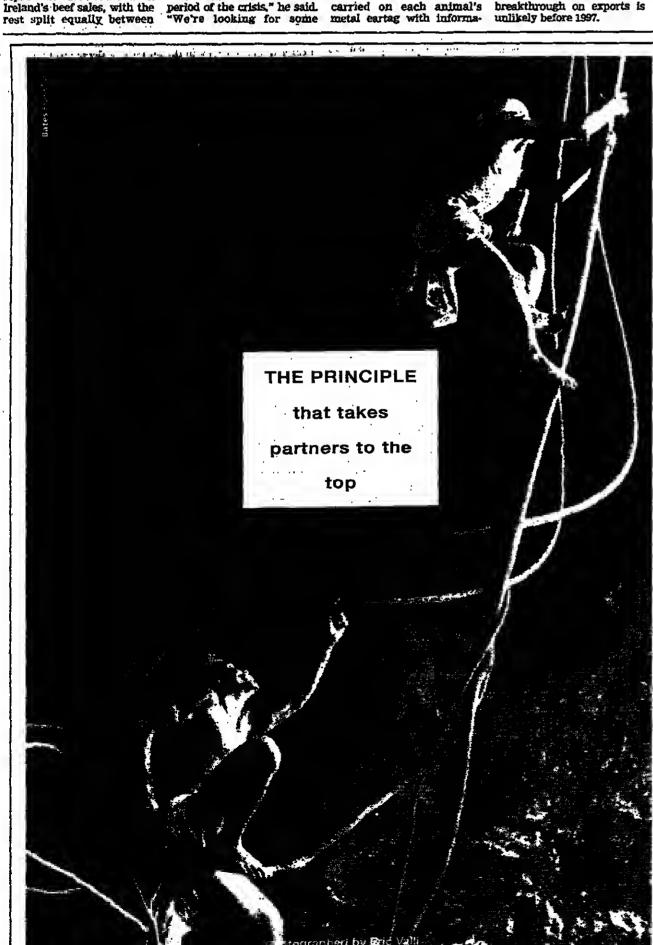
existing paper-based system. Some settlement managers believe that the entire transition process, due to be completed in April, should be delayed because Crest is not capable of handling the strain imposed settling trades in all publicly quoted At a CrestCo board meet-

to Crest from Talisman, the

ing next week, directors are likely to consider a temporary halt to transition to allow further refinements. However, banks are concerned that doing so could further increase their costs. Mr Iain Saville, CrestCo

chief executive, last night said be would be willing to consider signing a minimum standard agreement, but not until Crest was fully operational. "When things have settled down, there will be such an agreement," Mr Saville said.

A settlements officer at one leading bank said that it was taking up to 45 minutes to process settlement instructions that it had been led to believe would take only three minutes.



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ETBA FINANCE Financial & Recommic Services S.A., established in Athens at 1 Enteratheneus & Vas. Constantinou Streets, in its capacity as special highlighter of the shove company, presently under special liquidation as per article 46s of Law 1392/1990, and in accordance with Decision No. 499e/1996 of the Athens Court of Appeal and following the instruction detect 30/10/1996 of the Industrial Reconstruction Organisation (OAE), who are the creditor as per article 22 of Law 2198/94

ANNOUNCES

a second international public auction for the highest hidder with scaled, binding offers for the sale of the total assets of "PURAIKI-PATRAIKI READY-MADE CLOTHES INDUSTRY OF VOLOS S.A."

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY

The company under liquidation owns a cutting and sewing factory for ready-made clothes in Volos on Mistepoliston Grigorion and Artsforious Zahou Streets in the Palais district on a 10,307.65 m² plot of land. The factory building covers an area of 8,037.06 m² (ground floor) and a first floor 2,495.52 m² on area. The total volume of both floors is 44,986.76 cutm. The building has a concentration frame with brick walls, glass windows and metal roofs. The company's assets include the factory's mechanical and auxiliary equipment, furniture and mensils, trade marks as well as a building plot at Dimini in the Volos region 9,286.61 m² in area.

TERMS OF THE ANNOUNCEMENT

- The present Auction shall be carried out in accordance with the provisions of article 46s of Law (892/1990 as comply article 14 of Law 2000/1991 as in force today, the terms contained in the present Announcement and the struss continued the leavest Announcement and the struss continued the leavest Announcement and the struss continued the law 2000/1991 as in force today, the terms contained in the present Announcement and the struss continued to the struss conti
- Each interested purty is invited to receive from the Liquidator the detailed Offering Memori information concerning the company under liquidation following a written promise of confidence
- Interested parties are invited to submit a sealed, written and binding offer in the notary public of Vyrons. Attics. sessioned to the sucrioit. Mrs Theodora Sykiotou: Papagalani, at 48 Chrysostomou Smyrnis Street, Tel. (201) 765.0758 & 766.1910 up to 12:00 noon on Thursday, 5 December 1996. Offers must be submitted by person or by a legally authorised representative. Offers submitted beyond the specified time limit will not be accepted or considered. Offers must not combin terms upon which their budingstess may depend or which may be vague with respect to the amount and manner of payment of the offered price or 10 any other essential matter concerning the rate.
- On penalty of invalidity, offers must be accompanied by a fetter of guarantee from a first class bank legally operating.

 Greece, valid until adjudication for low bidders and up to the signature of the sale contract for the highest bidder, so the son enty million (70,000,000) drachmas.
- The offers will be unscaled by the above-mentioned notary in her office at 14:00 hours on Thursday, 5 December 1996 and all persons having submitted offers within the specified time limit are entitled to strend.
- Offers must clearly specify the offered amount and manner and time of payment. Part credit is acceptable on condition the least 20% of the total offered price is paid in each on signature of the relative sale contract and that the balance is senile equal assume or six-monthly instalments, the first of which in he paid within one year from the date of signature of the relative equal annual or six-monthly instalments, the first of which m he paid sale contact, with interest at a steady annual rate, correspondingly com-
- The factory can be put to any productive use by the buyer. However, if the buyer wishes to put it to any use other than the thes, then it is up to the buyer to obtain the occassary permits and at his own ex
- The submission of an offer of participation in the Auction binds the buyers to the commitment of keeping the productive installations of the company in liquidation in operation for at least five (5) years.
- On all the points contained in the offers and on any other terms that may be agreed upon (job positions, amount of investments, length of time of operation, etc.) the buyer must accept classes and other accumity, additionally covered by real collateral, to guarantee compliance with his commitments. Specifically on the subject of job positions there will be a pentity classe at the amount of 225,000 dractimes per month per worker for the entire period the company is obliged to operate. Penalty classes for job positions will be covered by the provision of real collateral.
- 10. Essential guidelines for the evaluation of the offers are:
- the size of the amount offered
- the number of job positions created
- the security provided for the settlement of any balance of the offered price on credit, and for the execus
- the creditworthiness and business reputation of the interested parties
- the business plan and to particular the size of future invest
- In the event that payment of a portion of the price is to be on credit, the interest rate to be calculated will be that of Greek State
- 12. The highest bidder is the one whose offer has been judged by the creditor, the INDUSTRIAL RECONSTRUCTION ORGANISATION S.A., following the liquidator's proposal, as being the most satisfactory to the creditors of the company
- Inc centerus that constitute the company's Assert shall be transferred as it and where it and, more specimently, in their actual and legal condition and wherever they are on the date of signature of the slee contract. The liquidation and the creditor are not liable for any legal or actual faults, lack of any qualities or any incomplete or inaccurate description of the assets for sale in the Offering Memorandum, interested parties must, on their own responsibility and due care, and by their own means and of their own responsibility and due care, and by their own means and of their own responsibility submission of an offer implies that interested parties are fully sware of the actual and legal condition of the objects for sale,
- In the event that the party or whom the assets for sale have been adjudicated fails in his obligation to appear and sign the relative contract at the time and place indicated in the relative invitation of the liquidator, in accordance with the terms arising from the present Announcement and from his offer, as finally formulated, then the amount of the guarantee stated above is forfetted on the Liquidator to cover expenses of all kinds, time spent and any real or paper loss suffered by himself and by the creditor, with no obligation on their part to provide evidence to such loss or consider that the amount has been forfeized as a
- 15. The liquidator bears no responsibility or obligation towards participants in the auction, both with regard to the drating of the evaluation report on the bids or to the liquidator's proposal regarding the highest bidder. Also be is not responsible and nor is be under any obligation to participants to the auction in the event of a cancellation or invalidation of the auction if its result is
- 16. Those participating in the nuclion and who have submitted offers do not sequire any entitlement, claim or demand, on the strength of the present amounteement or their participation in the anction, against the liquidation or the creditors for any cause.
- The buyer of the company under liquidation will not be entitled to use the words "PIRAIKI-PATRAIKI" as a natrademark or in any other way.
- to accordance with para, 13 of article 46a of Law 1892/1990 the sale contract, the transcriptions and any other action is in its execution, are exempted from State or third party bases, dues or stamp duty while the rights and fees of notation, inwyers, supervisors and registrates of mortgages are limited to 30% of the figure in question. Transfer expenses of the assets for sale (VAT, fees, rights and other expenses) shall be borne by the buyers.

The present announcement has been drafted in Greek and in English in translation. In any event, however, the Greek and will prevail.

ELECTRICIDADE DE MOÇAMBIQUE

1. The Government of Mozambique has received a credit from the International Development

2. Electricidade de Moçambique now invites scaled bids from eligible bidders for the turn-key contra

Association (IDA) in various currencies towards the cost of Urban Household Energy Project, and it is intended that part of the proceeds of this loan will be applied to eligible payments under the contract for Medium Voltage Networks and Substations Rehabilitation in Nacala.

under which the design, the supply and the construction of approximately 6km of 33kV overhead line, approximately 2km of 33kV cable, approximately 7km of 11kV cable, approximately 15km of 11kV overhead lines, 12 new distribution transformer stations 11/0.4kV. The existing distribution

voltage 6.6kV will be changed to 11kV. The completion period is expected to be 9 months from

Bidding is open to all bidders from eligible source countries as defined to the Guidelines:

Procurement under IBRD Loans and IDA Credits, and having an annual turnover in construction work of at least USD 15 millions. Earlier experience from similar project in African comstries will be

Bidders may obtain further information from, and inspect the bidding documents, from 20th

November, during normal office hours Monday/Friday 08:00 to 17:00, at the office of the Employer

A complete set of bidding documents in English may be purchased by interested bidders upon payment of a non refundable fee of USD 500 from 20th November 1996.

Bidders are required to visit the site as a preparation for submitting the Bid. The site visit will be conducted by Electricidade de Moçambique and is scheduled to take place during the first or second

All bids must be accompanied by a security of USD 100,000 or an equivalent amount in a freely

convertible currency, and must be delivered to Electricidade de Moçambique at the above address, at or before 15:00 hours on 20th January 1997.

The Bids will be opened in the presence of Bidders' representatives who choose to attend at 15:15
hours on the above closing date at Electricidade de Moçambique's office in Maputo.

One original and two copies of the Bid shall be submitted. The language shall be English.

ETBA FINANCE Financial and Economic Services S.A., 1 Eratosthenous Street, 4th floor, Athens, Greece, et; +30-1-726.0210, 726.0278, 726.0506 and Cars +30-1-726.0664.

Medium Voltage Networks and Substations

Urban Household Energy Project

Rehabilitation in Nacala

Date: 11th November 1996 **IDA Credit No: 2033-MOZ**

or the Engineer, at the following offices:

Electricidade de Mocambique

Network Engineering Departm Av Filipe Samuel Magaia 368

Fax: +258 1 422074

SwedPower

Phone: +258 1 422071/2

Project Office VBB Becc

Phone: +46 8 7059300

Huvudsingatan 1, Box 1805 SE-17121 Solna, Sweden

ember 1996.

Invitation for Bids

NEWS: UK

Virgin close to buying rail routes

By Charles Batchelor, Transport Correspondent

Mr Richard Branson's Virgin Group is poised to acquire its first holding in the UK railway network after being chosen yesterday as preferred bidder for British Rail'e Cross Country fran-

If Virgin is confirmed as the new owner within the next few weeks it will take charge of one of the most dispersed parts of the BR network outside London with trains running between Scotland and south-western capital. and southern England.

Roland Adburgham

A £1bn (\$1.6bn) order from Australia for 40 Hawk mili-

tary trainer aircraft could

mark the beginning of a new

chapter for British Aero-

space and its sub-contractors in the UK defence industry.

After two years without an

an existing customer

announced order for Hawks

hought more aircraft with-

out fanfare in the interven-

ing period - several pur-

chases may now follow in

quick succession over the

next few months, analysis

BAe has sold 700 Hawks to

15 countries and is seeking

new orders from 12, includ-

ing repeat customers. Another analyst suggested

an order from Brunel could

be announced before the

year-end, with decisions kely soon after from Malay-

£10m (\$16.5m) to introduce a global ticketing system. Motoko Rich writes. The company, which is owned and operated by London & Continental, the consortium with the UK — and at travel agents connected to one contract to build the high-speed rail link of the four airlines reservation systems.

out changing trains in the

It provides connections Most of Cross Country's with many regional airports delighted to have been

Australian aircraft deal is

big boost for contractors

India and South Africa.

quantify the employment

tion of the Hawk, it said the

Australian order would belp

companies owned by BAe.

increase in annual produc-

sia and South Korea. Other Avery of Paribas. "They are ered by the Adour 871.

ssengers are travelling for but Virgin said its primary leisure purposes though it aim was not to create airport also carries some business links but to develop a leisure travellers. The fact that its and tourist railway. Cross network skirts London Country will nevertheless allows passengers to make strengthen Virgin's hand m long-distance journeys with marketing its airline services against its main competitor, British Airways.

"We are absolutely

countries pondering Hawk planning on 30 to 36 a year. purchases include Canada, They would need another

Although BAe could not another two to three years."

directly related to produc- BAe's estimate of the order's

to secure thousands of jobs. and spare parts, The initial

Other UK companies almost purchase price is likely to certain to benefit from the amount to about £500m. The

orders are Rolls-Royce, the order is expected to be espe-

aeroengine manufacturer, cially profitable for BAe -

and Dowty Aerospace, part carrying a margin of up to 20

of TI Group.

Analysts eaid the 12 vately funded the development of the Hawk 100 and

for Australia beginning in 200 models and it will not

mid-1998 amounted to about have to pay a levy to the UK

six mooths' work at current government for launch aid.

production rates. The The single-engined Hawk remaining aircraft will be trainer uses the Anglo-

built in Australia, in part by French Rolls-Royce Turbo-

makes it more likely that the Jaguar, it has found a

BAe could sustain an number of other applica-

tion, according to Mr Chris The latest Hawks are pow-

The Australian order developed in the 1960s for

order to keep doing it for

value over 25 years, includ-

ing maintenance services

per cent - because it pri-

The single-engined Hawk

meca Adour engine. Jointly

tions, including the Hawk.

The £1bn price tag is

Eurostar, which runs high-speed trains between London and the Channel tunnel tunnel tunnel between entrance, wants travellers to be able to England and France, is to invest around book tickets on the Eurostar from anywhere in the world. Mr Adam Mills, chief execu-

selected for one of the key franchises," Virgin said. This is a railway we can do a lot more with."

Virgin put in bids for a people. total of six franchises but was unsuccessful in the competition for the Gatwick Express and Thames Trains companies. It still has bids on the table for West Coast

InterCity. West Anglia Great Northern and Thameslink. Virgin is expected to be awarded a 15-year franchise and is understood to have plans to modernise the 23 express trains operated operated by Cross Country and to buy new trains to replace its ageing diesel fleet.

Cross Country had passenger revenues of £102m (\$168m) in the year ended March 1995 and employs 840

The other shortlisted bidders were Great Western Holdings, the management buy-out team which acquired the Great Western franchise, and Prism Rail.

UK NEWS DIGEST

MPs critical of Japanese deal

The Japanese-led consortium which bought the British defence ministry's stock of housing for married military personnel for £1.6bn (\$2.64bn) was yesterday accused by MPs of installing a British war hero as its chairman in a bid to gain acceptability.

Members of the House of Commons defence committee

yesterday cast doubt on the merits of the sale of the 57,000 homes, which were bought by Annington Homes, a consortium led by Nomura, the eccurities house, Mr Bruce George, an MP for the main opposition

Labour party, suggested that Annington's chairman, Sir Thomas MacPherson - a former soldier and holder of the Military Cross - was appointed purely to reassure servicemen who resented the sale of the estate to Japanese interests. Sir Thomas replied there was no question that he or his colleagues on the board were "puppets".

M ACCOUNTING STANDARDS

Share option move postponed

The urgent issues taskforce of the Accounting Standards Board yesterday postponed a decision on whether to go shead with a new ruling designed to stamp out what was en as a rare but growing abuse.

The board is concerned that some companies are giving executives free shares as part of their pay but only showing the nominal value of the benefit in the accounts rather than the real value of the shares and the cost to the company. However there has been considerable opposition to the new rule because it may catch a whole range of approved share option schemes. As a result, it could depress the profits of many large companies. The task force decided that the underlying principle of the new rule is correct, but it is to consider whether there are valid reasons for exempting some schemes. Jim Kelly

MICROELECTRONICS

Siemens professorship founded

North-east England's growing involvement in microelectronics is to be further strengthened by the creation of a \$300,000 (\$495,000) Siemens Chair of Microelectronics at Newcastle upon Tyne University.

Research and development projects will be carried out for Siemens, which is developing a £1.1bn semiconductor plant in North Tyneside, and in related topics for other national and international groups. The professorship, announced yesterday, is funded by Tyne and Wear Devel-opment Company (TWeDCo), a private company owned by Tyne and Wear's five councils. TWeDCo is financed by income from its portfolio of industrial properties and land and provided Slemens' 42 ha site.

Chris Tighe, Newcastle upon Tyne

CAR SALES

Jaguar hopes to beat record

Worldwide sales of the new Jaguar XK8 sports car, launched last month, totalled 1,825 cars in the month. That took total sales by Jaguar, a Ford subsidiary, to 1,385 cars last month, or 39 per cent more than in October 1995. The company sold 847 XK8s in the US last month, which was a record for its sports models. It said it still hoped narrowly to beat last year's total world sales of Haio Simonian

HOLIDAY TRAVEL

Britons seen as more adventurous

British travellers are becoming more adventurous in their visits to other countries, with a sharp increase to destina-tions such as South Africa, Latin America and Turkey. France and Spain remained the two most popular destinations last year, accounting for more than 40 per cent of visits according to a report on travel trends published by the Office of National Statistics yesterday. But the allure of cheap long-haul travel has boosted visitor numbers to South Africa and Latin America, South Africa has attracted greater numbers of visitors following the introduction of democracy and last year's staging of the Rugby Scheherazade Daneshkhu

Farther and wider Visits abroad by UK residents (number of visits)

Court supports Fayed brothers' health citizenship plea

By John Mason and John Kampfner in London

Mr Mohamed Fayed and his hrother Ali, owners of the Harrods store in London, yesterday won their Court of Appeal fight against the decision of Mr Michael Howard, the home secretary, to refuse them British citi-

The ruling was the latest in a series of setbacks for Mr Howard at the hands of the courts, and comes at a sensitive time for the British government. Parliament's independent commissioner for standards has begun an investigation into whether Mr Neil Hamilton, a former government minister, took eash and hospitality from Mr Mohamed Fayed in return for tabling questions to ministers in the House of Com-

In their ruling, by a 2-1 majority, the judges said Mr Howard had not treated the Fayed brothers fairly when he refused to give reasons for his decision to reject their earlier applications and should therefore reconsider

However, Mr Howard was given leave to appeal to the

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House of Lords, sitting as the highest appeal court in England. If the law lords supported the Court of Appeal decision, Mr Howard would have to reconsider the Fayeds' applications. If he again rejected them, he

ment that justice had not been seen to be done to the Fayeds and that their case cried out for reasons". He added: "They have not had the fairness to which they were entitled and the rule of law must be upheld." Mr Howard's decisions should be re-taken in e manner which was fair, Lord Woolf ruled

Afterwards, a spokesman for the Fayed brothers said: "Mr Mobamed Fayed feels Mr Howard has dogged his steps and be wonders why he appears to be so prejudiced against him. He wants to know why that should be and he hopes that through the process of law, those facts will emerge." He wanted to know why the home secretary had inter-vened personally in his case on three known occasions.

|PM says care to stay free

The government yesterday ruled out explicit rationing in health care, saying the state health service should remain free and universally available with guaranteed long-term funding growth, Mark Suzman writes

would have to give reasons.

Lord Woolf, the Master of the Rolls, a senior civil judge, said in giving judge.

A new government paper marks the Conservative government's strongest endorsement of the founding ideals of the service. The paper is designed to highlight the succeees of

the health service in areas such as reducing waiting lists for treatment while heading off opposition that charges government has a hidden agenda to privatise the service or reduce its scope. Mr John Major, the prime minister in effect rules out further radical reforms by a Conservative government, describing the health service

in the paper as "part of the fabric" of the nation. "The government is proud writes.

of its commitment to the NHS as a public service, promoting health and offering high quality healthcare to everyone on the basis of need regardless of the ability to pay," he

The Financial Times plans to publish a Survey on

on Friday, December 13

For further information please contact John Rolley on Tel: +41 22 731 1604 or fax: +41 22 731 9481

FT Surveys

Swiss Industry and Technology

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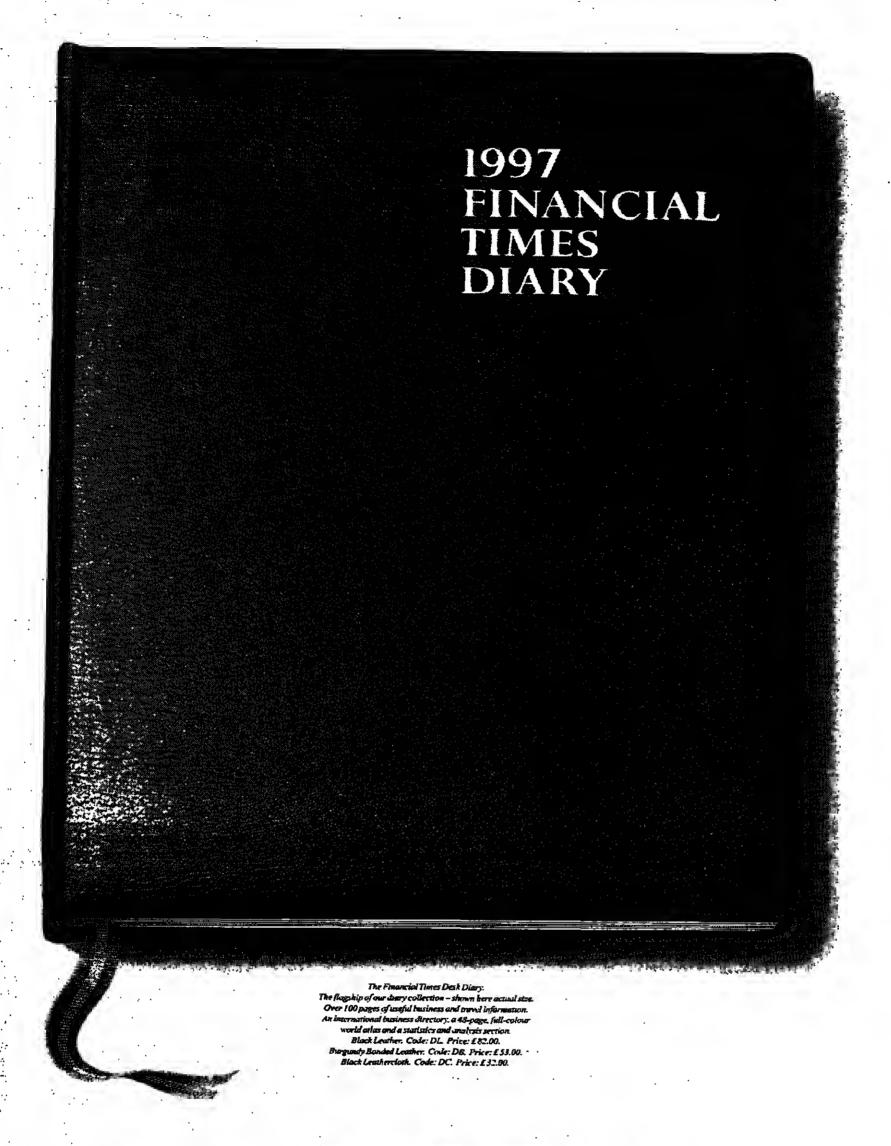
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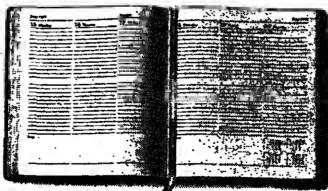
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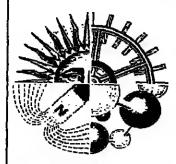
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TECHNOLOGY

Worth Watching · Vanessa Houlder



Clean advantage in transport

Fuel cells which produce energy from the reaction between hydrogen and oxygen are showing promise as a clean energy source. Daimler-Benz, for instance, is testing a prototype of a car powered by a fuel cell that emits only water vapour io its exhaust.

But the efficiency of fuel cells must improve if they are to become commercially viable. Researchers at the Fraunhofer Institute for Applied Polymer Research in Germany believe they have taken a step forward by improving the quality of the cell's memhrane, a thin layer which separates the hydrogen and oxygen while promoting the reaction between them.

The new membrane has good durability, conductivity, permeability and ion-exchange capacity. It is cheaper than conventional materials.

Fraunkofer Institute for Applied Polymer Research: Germany, tel 332846563; fax 332846321.

Lighter view of laptops

The UK subsidiary of Merck, the German chemical company has developed an optical film for liquid crystal displays that could help in developing the ose of smaller, lighter batteries

in laptop computers The Transmax film is e reflective polariser", which works by repeatedly reflecting aod depolarising light. It allows 70 per cent of the light to be transmitted; traditional polarisers achieve only 35 to 45 per cent transmission. Since the film allows more light to be transmitted, it would permit LCD manufacturers to use lower power lamps and smaller batteries, while keeping the

same brightness. Alternatively, they could increase the brightness of the display, which might lead to new applications for LCD monitors, including desktop computers. Transmax is based on technology originally devised by Philips in

the Netherlands.

Merck: UK, 1el (0)1202 669700;
fax (0)1202 665599.

The sound of progress

A hi-fi speaker that could be mounted on a wall like a picture would have some clear advantages over bulky, free standing models. But designing wall-mounted speakers presents technical difficulties, notably concerning the interference from sound reflected off the wall,

Now Noise Cancellation Technologies, a Maryland-base company, has used its expertise in noise control systems to develop a flat, 4cm deep wall-mounted loudspeaker which it plans to launch next

The loudspeaker uses piezo ceramic actuators in its membrane. These control the ribrations of the panel in a way that prevents reflection and interference from the rear while allowing sound to radiate from the front Noise Cancellation

Technologies (UK): UK. tel (0)1223 424898; fax (0)1223 425265. Map for fast

movers

Estate agents and solicitors may be able to get quicker, cheaper access to maps for surveys and conveyancing. using digital satellite technology.

A pilot project, backed by the Department of Trade and Industry, is being set up to demonstrate a technique that can download a 1MB digital map at a speed of 2 Mbits ond for less than

The system, which was devised by Intergraph, an interactive computer graphics systems company, and Esys, satellite systems engineer: uses a consumer satellite dish attached to a standard PC.

Intergraph (UK) Ltd: UK, tel (0)1793 619999; fax (0)1793 618508.

nce around the Monterey Bay, frolicking briefly in 10m of water among California's sea lions, and Graham Hawkes has his head above water again. "That's it," he proclaims. "Proof of concept

Deep Flight I, his prototype single-handed submersible has flown" under water for the first time in public after 20 years of often painful efforts to get off the

drawing board.

Deep Flight II, designed to scoot about in the depths of the Pacific's Mariana Trench - the deepest known place on earth can be ready in 18 months, he says. But first he needs \$7m (£4.3m) to huld the machine, and he is hracing himself to tap the resources and good will of his neighbours among the more conventional technology companies of Silicon Valley and California'a aerospace industry.

Last month's proof of his concept that it is possible to "fly" a submerged lighter-than-water piloted vehicle, rolling and manoeuvring on stubby "wings" and powered hy twin turbine-style thrusters and a half-dozen lead, acid hatteriee, is Hawkes's riposte to conventional wisdom. This dictates that remote operated vehicles or negativehuoyancy machines will provide all the access needed for explor-

ing deep oceans. We have robots and manned things that sit on the bottom, but we need all the tools in the box." he says. For example, no existing equipment offers the manoeuvrahility or the "viewing range offered hy Deep Flight.

Although the glass/epoxy microlight prototype is designed to descend to 3,000ft and could even survive safely at 12,000 feet, it is unlikely ever to go that deep, he says. "What's 1,000ft or 3,000ft when you're going for 37,000ft,"

he argues. Deep Flight II, designed to dive safely to twice that depth, or more than 70,000ft, will be built mainly of alumina ceramics, four times as strong as steel, and developed and tested et US Navy research laboratories for classi-

fied military purposes.

Despite its appearance, Deep Flight is more closely related to the diving suit. Although it lacks the tactile facilities of a suit, and the submariner operates from a prone position, it is easily manoeuvred to stand up on its tail, allowing the pilot an all-round view from the acrylic-domed nose. "Once you're inside, looking around, the claustrophohic feeling disappears," he says.

Among claimed advantages over other projects, such one in Japan which has industrial and



Christopher Parkes finds a British inventor

splashing about with some serious ambitions

Water wings

government backing, is Deep Flight's transportability. "Conventional equipment is so big and heavy and specialised that each machine needs its own mother chip," he says. "Deep Flight can go anywhere on virtu-

ally any ship."
At an estimated full-production cost of \$5m each, it should be affordable for applications beyond Japan's programmes for ocean science, deep-sea fisheries and hiotechnology research, he

The 49-year-old British-born engineer and explorer, who holds the world record for the deepest solo dive in Deep Rover, his last commercial submersible, has spent his career designing and huilding successful underwater machines

In Britain, he co-founded OSEL, the Great Yarmouth-based specialist. His main husiness, Deep Ocean Engineering, based near San Francisco, now generates annual revenues of \$3m from manufacturing remote-operated vehicles for undersea exploration and engineering applications. He also runs Deep Sea Discoveries, a commercial marine archaeology acoustic pingers.

company. But his heart is in Hawkes Ocean Technologies, a separate business which serves as an incubator for Deep Flight and other dream projects.

His persistence is fuelled by associates such as Don Walsh, who, in 1960 with Jacques Picard. piloted the US Navy's bathyscape Trieste to the bottom of the Challenger Deep, off Guam.

ruce Rohieson, a leading deep-sea explorer and senior scientist at the Monterey Bay marine research institute, argues persuasively that Deep Flight opens the way to "revolutionary scientific discoveriee". Mobility at depth will expand the range of the possible, he says. In the past we have been able to do only very precise, point-of-focus work on areas such as ocean current movements."

The Hawkes machine would mean that large underwater features such as volcanoes or canyons could be surveyed in a few dives. Scientists would be able to swim with and observe migrating whales and other sea mammals instead of tracking them with

The invantor's amhitions for the machine also focus on his own interest in research, environmental work and exploration. Much of his backing has come from eponsors auch ae Rolex, which traditionally associates Its watches with adventurers, and film-makers. Even if heavy industries

remain on the sidelines, his amhitions, which extend to a paired configuration of vehicles for undersea work, also embrace intriguing alternatives. These include a recreational submersible, the Hydrohawk, a sleek "hydrobatics" runabout for those wishing to loop the loop 1,000ft down. Also along the line is the Hydrotour, a 12-seater with an acrylic viewing dome for each passenger, designed to be towed underwater behind a surface boat in areas such as Australia's Great Barrier Reef.

"This is what happens when you start dreaming again, Hawkes says, without much conviction. An underwater tour hus may be a realisable fancy, but it is a far cry from the dream which started him on his voyage to the bottom of the sea.

Model view of disease

rugs for psychiatric and mood disorders are particularly expensive to develop, because few human or animal models are available to evaluate experimental medicines before clinical trials are held.

Neuraxie, a new company based at Manchester Science Park, aims to cut develop costs by providing healthy human volunteers for psychiatric drug testing.

"The essence of our approach is to bring psychiatric symptoms under lahora-tory control," seye Bill Deakin, professor of psychiatry at Manchester University, whose lahoratory has pro-duced the first disease models

used by Neuraxis. Most advanced are the models of anxiety and panic disor-ders. One involves playing subjects a series of quiet neutral sounds through ear-phones, followed hy e loud hlast of white noise. Then the sequence of tones is repeated, and the volunteers become increasingly anxious as they anticipate the next the loud

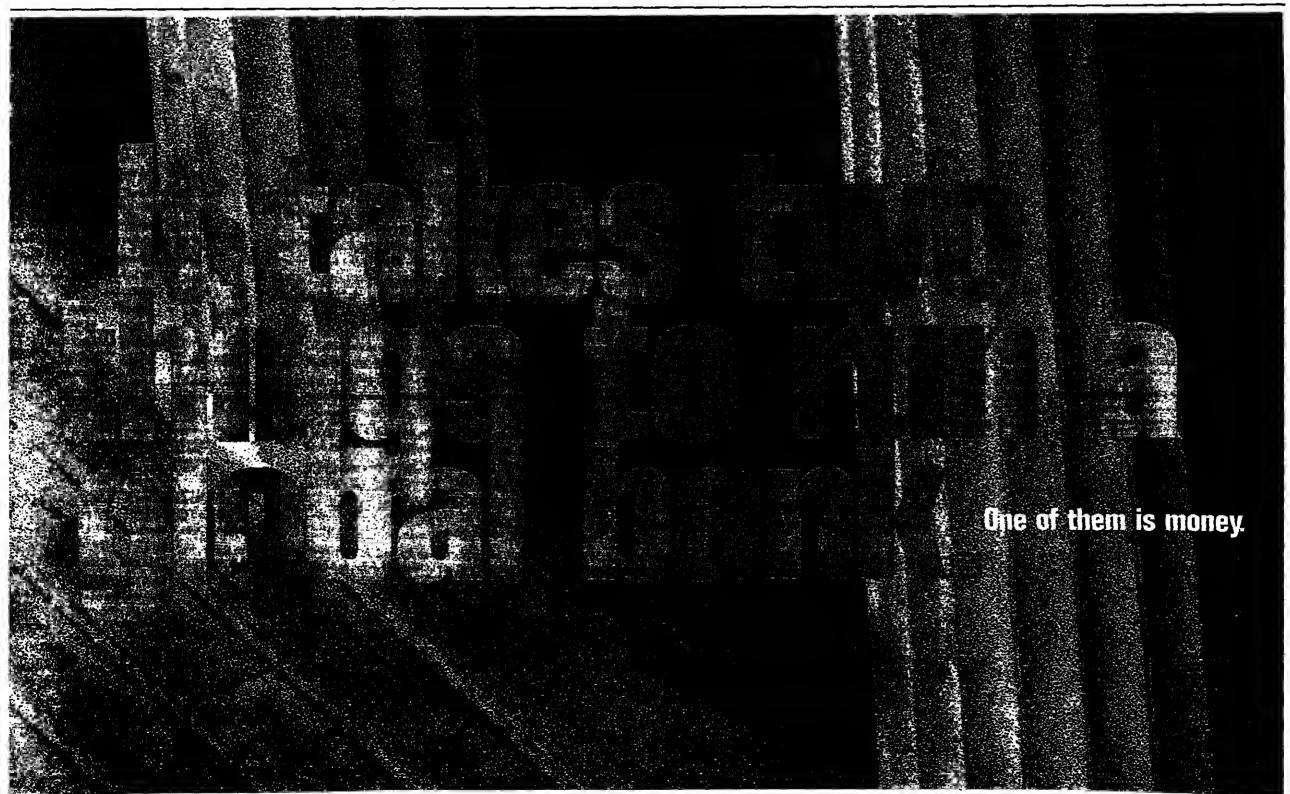
The volunteers, who are typically students, are wired up to various instruments that measure changes in their brain activity, skin temperature, heart beat and other indicators of anxiety.

Fifteen potential drugs have heen tested in this way, Deakin eays. The drugs' effects on healthy volunteers mimic their impact on patients who suffer from extreme anxiety - panic attacks,for example.

Neuraxis is a joint venture hy Cerebrus, a specialist neurosclence company started last year, and Medeval, a contract research company owned hy Manchester University.

The overall strategy is to offer pharmacentical companies a combination of animal and human tests, so they can evaluate the efficacy of candidate drugs before carrying out clinical trials with patients.

Clive Cookson



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When information is everything

From trophy hunt to trophy wife

TRUE BLUE Ferdinand Fairfax

THE FIRST WIVES Hugh Wilson

THE DAY THE SUN TURNED COLD Yim Ho

t is a grim week for American manhood at the mov-ies: both the pumped np, worked-out, preening version of the species, plotting destardly deeds on the icy waters of the Thames, and its older, more rotund counterpart, fighting middle-age torpor with the no less ignoble ploy of ditching his wife for a younger model.

The journey from trophy hunt

to trophy wife makes shameful viewing; but one almost ends up feeling sorry for the testosteronecharged hunks who are so neatly undone by good old-fashioned British resolve in one instance, and a sassy triumvirate of feminine wiles in the other.

First, the downfall of the youngsters: True Blue tells the and paradox that it could hardly fail to make gripping cinema.

We start at the beginning of

the academic year with an Oxford crew which has just been bumiliated by the "Tabe" (not a Cola, but taken from "Cantabs", otherwise known as The Other Place or just plain Cambridge).

-Unfortunately, it occurs to noone to turn to good old-fashioned British resolve straight away, so revenge is hatched with the aid of four strapping American oarsmen and a cox who suddenly acquire the academic ability to make the journey from Olympic training camp to fusty common

Their easy-going, swaggering manuer is infectious; no matter that they use each occasion on. which they bump their heads in the dank college corridors (and there are a few) to rant against British exchitecture and scholarly tradition in general:

soon, the Americans believe that coach, Daniel Topolski (Johan Leysen) and the up-standing president of the Boat Club, Donald Macdonald (Dominic West).

ven if it is apocryphal

deager but artless display

- "So kind, and all in national

costume, too" - seems the best

comment about Elissa, Queen of

Carthage, enthroned at the Pea-

cock Theatre, London WC1 this

The enterprise is owed to the

Lebanese troupe, Caracalla Dance Theatre It ill becomes

anyone to speak other than with

respect for an artistic organisa-

tion that bas survived the past

tragic decades of Lebanon's his-

tory. I report merely that the

evening is of radiant innocence,

and is not best to be savoured -

even on terms of wildest kitsch -

Queen Alexandra's observation after some

shirt in training to make his point gently, but soon he resorts to more explicit condemnation of Topolski's training regime, which turns from "Victorian!" to "medieval!" in the space of a couple of

The conflict between stern Brit amateur values and crisp Yank professionalism (neither as straightforward as they seem) simmers, and then boils over. But one of the great things about Oxford is that there is always a Jesuit priest around when you need one...

The dramatic resolution of True Bine does not disappoint; it is considerably more exciting than any boat race you might have seen live on television (though one could do without the over-synthesised soundtrack). In fact, given the necessarily corny lines, there is some fine playing (and rowing) throughout this ripping yarn of a film, and director Ferdinand Fairfax skilfully balances the poetry and the grind of

early mornings on the river. But I wonder if screenwriter Rupert Walters has pulled any of his punches, perhaps with a US audience in mind; the all-Ameri-can boys here do not appear nearly so obnoxious as to have story of the 1987 Boat Race, a caused such a historic rupture in morality tale so rich in conflict this ancient sporting fixture. Or perhaps they were right all

> Plenty of obnoxiousness, by contrast, in The First Wives Club, in which those wanderlusting men abandon their fiftysomething wives for the kooky charms of their young mistresses. The wives, old chums from college days, put their heads together to gain revenge; only we are not talking boat races here, but the much more entertaining business of total humiliation.

The premise of Hugh Wilson's lame comedy is sound enough, and his cast of Bette Midler, Goldie Hawn and Diane Keaton is expert enough to cruise through the film without undue over-exertion. Opening exchanges are promising - Midler's wholesome, battle-axe matriarch, Hawn's gracelessly-ageing movie star and Keaton's over-wrought executive are fashionably self-referential But a metaphor lurks here. For portrayals - but what sinks the whole outing is the absence of

slapstick. not to attempt a wildly implau-sible triple reconciliation, hut trophoboscope - and actually



More exciting than any boat race: the winning crew in 'True Blue'

escaped lightly, there is a blood-curdling musical finale which suddenly transfers your affections to the philandering husbands, which is surely not what is supposed to happen at all.

Peter Aspden

society's cultural variety should always be cheered, not least when at risk from being swallowed by another, more homogeneous neighbour

Yim Ho's The Day The Sun Turned Cold is the best Hong Kong film since Chungking Express and could have been made on a different planet from it. In place of a bittersweet At least the film has the grace murder tale that could have been

Kong's imminent takeover neighbour. China

After an orthodox-seeming prologue, in which the son (Tao Chungwa) goes to the police claiming that his unfaithful peasant mother (Siquin Gaowa) has murdered his brutal father, we flashback to what really happened in the steam-choked bome in a shanty village, where Ma makes beancurd (alias tofu) and Pa gets drunk.

Or then again did it really happen, whatever it was? Or can flashbacks themselves delude, especially in a setting where we can hardly see our forensic evidence in front of our faces?

Yim has a wonderful sense of place, and of the pressure of place. Spears of light try to rout camera, Yim gives us a period and when we venture outside we love and hate, hope and despair find more claustrophobia. However zealously the characters seek to elude or wrongfoot des-The rebel leader, Dan Warren just when you think you have was filmed and set in Hong tiny, imprisoning traps await

them. The mother falls in love with a rescuing woodman after falling down an ice hole. The father's home from home is the hospital, where he tries to recover from his wife's chicken stews. (Are they spiced with arsenic or not?) And even the film's sleigh-riding scenes, spectacu-larly filmed, seem to inhabit a world of wall-to-wall, floor-to-ceil-

ing whiteoess A little grim comedy is offered by Yim's portrait of weary policemen, measuring the latest human atrocity in Mao's Utopia. But as Yim's more recent Berlin prize-winning film testified - The Sun Has Ears, also about murder. jealousy and opaque climatic conditions - you do not go to this man's film's to laugh. You go to are symbiotic twins, wrapped in swaddling mists of unknowing.

Nigel Andrews

Dance/Clement Crisp

Jumbo pearls from Lebanon

The setting is Tyre in the ninth century before Christ. The drama a triumph of the inconsequential - concerns a throne divided between Elissa (who is also Dido) and her brother Pygmalion. Costuming is richly improbable in Cecil B. de Mille fashion: crowns like over-ambitious tea-pots; tinselled fabric in deep mauve and gold. Assyrian beards, and hats

even more Assyrian. There is a chap with a burri-

save by those interested in the renaissance of Lebanese theatre. cane lamp, a mermaid, so much dry ice that it recalled the pea soupers we used to know, hollow laughter, villains taking to drink, tha building of Carthage (six bricks and a tea-trolley), grunts from the men, and tremendous enthusiasm from everyone on stage. The score is cheerful, and makes slight but misguided borrowings from Delibes.

The narrative is explored with some difficulty - in energetic gesture that would not disgrace Theda Bara or Francis X

Bushman, and there is a great deal of running about. Choreography is not quite the word I would first use to describe the style, and why anything happens really does not matter, even if you can make sense of it.

t is the belief of the performers and the lambent naivety of the means that tues the viewer along. I still don't understand why Elissa should want to swap a casket of unlikely pearls for a cow-hida wrap when

she lands in North Africa. (Part of Elissa's problem, I suspect, is that her retinue of women contains some chaps in frocks: perhaps she is aiming to be Priscilla. Queen of the Desert).
Towards the end of the even-

ing, the narrative is tossed to one side - Elissa having taken to self-immolation – and we see a merry chunk of folk-lore showing a Lebanese wedding: the bride (so says the programme) quick to accept tha groom when sha learns of his wealth - which is Elissa's casket of jumbo pearls coming round for a second

It is all very different, and - to quote her late Majesty - all in national costume, too.

Concerts in London

More stomp than march

the Vienna Philharmonic Orchestra's latest visit to London will not, unfortunately, be the touch of Viennese charm it brought to its encore, the waltz from Swan Lake - undeniably persuasive though that was. Nor will it be the impression of a crack orchestra breathing as one in the operatic drama of Liszt's first Mephisto Waltz before the interval. No, what stamped Tuesday's concert on the retentive cells was Sir Georg Solti's brash and tasteless treatment of the third movement in Tchaikovsky's Pathétique Symphony - ample proof that age has not tempered the abrasive side of Solti's artistic

More a goose-step than a symphonic march, the music was driven, clipped and drilled in Solti's most manic style. Forget about the pathos intended by Tchaikovsky - the whole performance sounded slick and superficial. It lacked what the Germans call Klangrede, the music had no chance to speak. The point about the march is that the steadier the tempo, the more powerful and unstoppable the music becomes. Solti made it sound like a chrome-plated Cadillac whizzing down the street with Tchaikov-sky's body in the back. Even the finale was insufferably breath-

The mystery is why this symphony appeared on the programme in place of the adverised Schubert Ninth. To hear the Vienna Philharmonic in any rep

its distinctive quality is to uphold an unbroken line of Viennese tradition, and that tradition can best be heard in the Viennese classics - of which there are more than enough to fill 10 times the number of concerts this orchestra gives at the Royal Festival Hall each season. In that context, the Tchaikovsky represented just another orches tral blockbuster, to which the Viennese brought no special

great orchestra? Unques-tionably so, as its una-nimity of spirit, its woodwinds and the sweetness and depth of string tone constantly demonstrated. But those qualities are evident no matter who is on the podium; here they who is on the podium; here they were being forced into a virtuoso conductor's mould. So this was not one of its great collaborative efforts with Solti, whose style has so often in the past proved a rich counterpoint to those special Viennese virtues.

understood the idiom of Bartok's Divertimento, which opened the concert. Solti has this music in his bones, and his inclusion of it was a worthy tribute to the Viennese strings. But despite his lucid attempts to help them digest it, the performance was stiff and dutiful - several stops short of the fervour, intensity and rustic wit it demands.

Andrew Clark

Sounds of Copenhagen

Our Most Holy Redeemer in Exmonth Market - handsome proportions, somewhat dilapidated - has fallen into the habit of celebrating each successive year's Euro-pean Capital of Culture. This enables the composer Roger Steptoe, who directs this Clerkenwell Music Series, to mount a great many excellent concerts devoted to the music of each chosen country and its performers.

The actual capital need not figure large. This year, however, it is Copenhagen; no problem there.

Danish classical music just is "music from Copenhagen", wherever its composers and performers happened to be horn. And which I had never heard perhaul of programmes - older Danish music, especially Nielsen and Schumann's friend Niels Gade, and many modern works, and affection for an innocently lost Danish artists playing interna- culture. tional repertoire - that one wondered why neither the Sonth the right notes, the sumptuous Bank nor the Barbican hit upon this excuse for holding a Danish mini-festival.

Last Thursday Ronald Corp conducted the New London Orchestra in Gade's opus 1, his "Echoes of Ossian" Overture from 1840: well-made and appealing, a modestly original voice. Young Irêne Theorin lent her larga, lustrous soprano to Delius's Seven Danish Songs, which in Our Holy Redeemer's overripe acoustic sounded wonderfully luscious and

expiring.
The Marriage of Heaven and

lerkenwell, or more Hell was commissioned from Bo exactly its Church of Holten (b. 1948) for the BBC Singers, who delivered these subtle Blake settings with true pitch white-note clusters and all - and unanimous feeling. Some feeling also of Britten; besides the delicate white-note clottings, Holten too sets "O Rose, thou art sick". though without Britten's indrawn, anguishing accents. Holten's version of "Tyger, Tyger, burning bright" was held within a tight musical form: more objective than visionary, therefore, but exactly telling.

What had chiefly drawn me to the concert was Nielsen's late-ish (1921, written halfway through his burgeoning 5th Symphony), Steptoe has brought up so rich a formed live. Its mock-simple score - the subject is folk-festivities on his native island - fairly breathes a mature, distanced

> Though Corp struck most of acoustic was a nuisance. Nielsen's music is always lean, both of line and in density; the sonorous halo that Our Most Holy Redeemer bestowed upon Springtime rendered it almost bland. though still good to hear. One of these days, a performance in our dry old Festival Hall would be very welcome indeed.

David Murray

Danish concerts every night until Saturday, at Our Most Holy Redeemer's in Clerkenwell, Lon don EC1.

INTERNATIONAL

BERLIN

CONCERT Philhermonie & Kammermusikssel Tel: 49-30-2614383 Symphony No.8 in E flat major: by Mahler. Conducted by Vladimir Ashkenazy, performed by the Deutsches Symphonie-Orchester Berlin, the Rundfunkchor Berlin, the Kölner Rundfunkchor and the Tölzer Knabenchor, Soloists include Julia Varady, Pamela Cobum. Laura Aikin, Jane Henschel, Reinhild Runkel, Frederic Kalt. Anthony Michaels-Moore and Kwangchul Youn: 8pm; Nav 16, 17

BONN

Oper der Stadt Bonn Tel: OPERA 49-228-7281 Oper der Stadt Bonn: with conductor Henato Palumbo perform Mascagni's Cavalleria Rusticana and Leoncavallo's I Pagliacci. Soloists include Kathloen McCalla. Shpresa Spaho and Rhonda ingle; 4pm; Nov 17

■ COLOGNE CONCERT

Kölner Philharmonie Tel: 49-221-2040820 Robert Holl and Olec Maisenberg: tha bass and the planist perform Schubert'a Selige Welt, 0743, Der Schiffer, D536, Wie Ulfru Fischt, D535 and other works, 6pm; Nov 17

DUBLIN CONCERT

National Concert Half -Geoláras Náisiúnta Tel: 353-1-6711888 · Festival Orchestra: with conductor Mark Armstrong, soprano Mary Callan Clarke oboist David Agnew and the Three Irish Tenors - Paul Hennesy, James D. Nelson and Niali Morris - perform popular classics from musicals, opera and operetta; 8pm; Nov 17, 18

■ FRANKFURT AM MAIN

Alte Oper Tel: 49-69-1340400

Frankfurter Museumorchester: with conductor Sylvain Cambreling, soprano Alexandra Coku, mezzo-soprano Margit Neubauer, tenor Hans-Jürgen Lazar, bass-baritone Detlef Roth, pianist Susanne Grützmann, the Frankfurter Kantorel and the Frankfurter Singakademie perform works by R. Schumann

and Mendelssohn; 11am; Nov 17, 18 (8pm)

■ HAMBURG

OPERA Hamburgische Staatsoper Tel: 49-40-351721 Khovanschina: by Mussorgsky. Conducted by Sebastian Lang-Lessing, performed by the Hamburg Staatsoper. Soloists include Elena Zaremba, Hanne Krogen, Paata Burchuladze and Patrick Raftery; 6pm; Nov 17

LOS ANGELES

EXHIBITION Los Angeles County Museum of Art Tel: 1-213-857-6000 Anciant Art from the Shumei Family Collection: this exhibition features over 290 works of art from a broad geographical area, Including China, Afghanistan, Iran, Egypt, and Greece. Highlights from the collection include an Inlaid silver image of the Egyptian god Horus, a gold vessel adorned with heads of bulls from the Mariik region of Iran, a gilt-bronze and jade Chinese pendant from the 3rd-2nd century B.C., a selection of 12th-13th-century Persian ceramics, and a rare late 16th-century Islamic carpet, from

MADRID

Nov 17 to Feb 9

CONCERT Auditorio Nacional de Música Tet: 34-1-3370100 Orquesta Sinfónica da Madrid: with conductor Maximino Zumalave and pianist Enrique

Pérez de Guzmán perform works by Schubert, Beethoven and Tchaikovsky; 10.30pm; Nov 15

MUNICH CONCERT Cuvilliés-Theater - Altes

Residenztheater Tel: 49-89-296836 Wind Ensemble of the perform works by Monteverdi, Bull, Vivaidi, Handel and Howarth; 11am; Nov 17

OPERA Nationaltheater Tel: 49-89-21851920 La Damnation de Faust by Berlioz. Conducted by Marc Albrecht, performed by the Bayerische Staatsoper. Soloists include Jeanne Piland, Vinson

Cole, Alan Titus and Harry

Dworchak; 8pm; Nov 17

■ NEW YORK CONCERT Camegle Hall Tel: 1-212-247-7800 Chamber Orchestra of Europe: with conductor Nikolaus Hamoncourt perform Beethoven's Symphony No.4 in B flat Major, Op.60 and Symphony No.5 in C

EXHIBITION International Center of Photography Tel: 1-212-860-1777

minor, Op.67; 8pm; Nov 16

 Pictorialism into Modernism: The Clarence H. White School of Photography: although widely acknowledged as a photographer,

Clarence H. White'a teaching is much less well known. This exhibition examines the work of White's students, including Margaret Bourke-White, Dorothea Lange, Laura Gilpin, Ralph Steiner, and Karl Struss. examining White as a teacher and

mentor, from Nov 15 to Jan 12

MUSICAL Richard Rogers Theater Tel: 1-212-307-4100 Chicago: by Kander and Ebb.
 Directed by Walter Bobbie. The cast includes Bebe Neuwirth, Joel Grey, Marcia Lewis and James Naughton; Tue - Sat 8pm, Sun 3pm, Wed, Sat 2pm; from Nov 14 (Not Mon)

OPERA Metropolitan Opera House Tel: 1-212-362-6000 Cosi fan Tutte: by Mozart. Conducted by James Levine, performed by the Metropolitan Opera. Soloists include Fleming, Mentzer, McLaughlin and Groves;

PARIS

8pm; Nov 16

OPERA Théâtre du Châtelet Tal: 33-1 42 33 00 00 Oedipus Rex: by Stravinsky. Conducted by Christoph von Dohnányi, performed by the

Philharmonia Orchestra and the Choeur du Théâtre du Châtalet. Soloists include Philip Langridge, Michelle Deyoung and Franz-Josef Kapellmann. Part of the Stravinsky Festival; 7.30pm; Nov 17 (5pm) , 19, 21, 23

■ SAN **FRANCISCO**

CONCERT Louise M. Davies Symphony Hall Tel: 1-415-864-6000 ● Mass in B mlnor, BWV232: by J.S. Bach. Conducted by Ton Koopman, performed by the Amsterdam Baroque Orchestra Soloists Include soprano Roberta Invernizzi, alto Elisabeth von Magnus, tenor Gerd Türk and bass Klaus Mertens; 8pm; Nov 16

EXHIBITION M.H. De Young Memorial Museum Tel: 1-415-750-3600 The Enjoyment of African Art: Masks and Sculptures from The Michael R. Heide Collection: exhibition saluting this recent addition to the museum's permanent collection of African art. from Nov 16 to Apr 13

■ VIENNA

OPERA Wiener Staatsoper Tel: 43-1-514442960 Andrea Chenier: by Giordano. Conducted by M. Armiliato, performed by the Wiener Staatsoper. Soloists include Luciano Pavarotti, Anna Gonda, Nelly Boschkowa and Helnz Zednik; 6.30pm; Nov 17

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COMMENT & ANALYSIS



Peter Martin

A premium on relevance

Consolidation among insurance companies is unlikely to solve the problem facing the industry: that their customers have a more informed view of risk

What is the point insurance? The question is a The gambling nature of the relationship accounts for serious one: the humdrum business of providing life the growing incidence of and general insurance is insurance fraud: if the fruit one of the most important machine fails to produce an appropriate payout, policysectors in the developed world's financial services holders are increasingly industry, employing many willing to tilt it in their hundreds of thousands of favour. people and lying up large

amounts of capital. Yet it is increasingly threatened by a crisis more pervasive than price-cutting or cross-border competition: a crisis of relevance.

This is the pressing issue that the wave of insurance consolidation - symbolised Tuesday's merger hetween Axa and Union des Assurances de Paris - has failed 10 confront. If the industry fails to come to terms with it, the value of an important sector of the world's stockmarket capitalisation is questionable.

Traditionally, insurance has had two aspects: sbaring out unpredictable risks and saving for the inevitahle. Both are under threat. The challenge comes in part from technology, in part from the growing sophistication of the developed world's savers. But the underlying threat is more subtle: it stems from a shift in our understanding of the nature of risk.

Some risks are genuinely unpredictable. Naturai disasters fall into that category. So do some man-made events, such as traffic accidents involving pedestrians. Sharing out such risks makes sense. Yet for almost all of its existence the insurance industry has gone beyond pooling the risk of the 1ruly unpredictable. Instead, it has exploited our ignorance of just how predictable many risks actually

are – or can be made to be. Because risk has been crudely, rather than precisely, priced, many categories of insurance bave been a form of gamble: policyholders bet they will get out of the insurance relationfound.

Fraud is not the only way insurance industry's taclt bargain with its cus-tomers is breaking down. Another factor is technology: powerful computers allow car insurers, for example, to predict ever more accurately the likely accident rate of ever narrower categories of drivers. Similarly, more reliable medica) examinations - soon, no doubt, to be supplemented by genetic testing - make it sier to predict the future bealth-insurance claims of

any individual policybolder. Probably the most important factor, however, is a shift of attitude, best summed up as a dwindling of fatalism. A culture that helleves in causality has looked at insurance, and concluded that the responsibility for risks previously regarded as Acts of God can he rather more precisely attributed. Even those risks that are unpredictable often

have consequences which can be identified and priced appropriately, as owners of tornado-prone coastal properties in Florida and subsidence-afflicted houses in north London have

Another way of looking at this shift in attitude is to see it as a move towards individualism, undermining the collectivist ethos of insurance. Why should I pay the same premiums as my neighbour when I am manifestly a better bet? And as financial markets increasingly come to embrace the sophisticated segmentation and analysis of risk, why should I continue to pay premiums to an insurance industry which has not changed its fundamental approach to the subject for centuries?

The growing willingness of the industry to compete in unorthodox ways is gradually putting this shift in attitude into daily business practice. By refining risks, the price-oriented direct insurers, such as Direct Line in the UK and its host of imitators, can offer thair carefully selected customers a much better bargain. Others must

pay more. Risk is at last of bad risks - and suffering a long-term erosion of profit-

being properly priced.
What bappens when policyholders must pay an appropriate price for risk? The first reaction is protest, the second the demand for subsidy. In the short run. this can have an effect. Gov-

nment can force insurers to hold down rates or aggregate risks; or It can insure the risk itself. In the long run, bowever, coercion merely results in a shortage of underwriting capacity as states such as California have found. And, for all but a bare minimum of cover, socialisation of risk become politically or fiscally unac-In short, the first traditional role of insurance, the

sharing out of unpredictable risks, is under threat. Demand for insurance products will gradually be con-strained by the certainty that risk will be properly priced. Once the possibility of a windfall vanishes, customers will balance the decisions they make between "self-insurance" - that is, no insurance - and paying for coverage. Companies that are able to refine their risk analysis will survive. though in time the bonus they currently get from the relative crudeness of their rivals' calculations will be competed away. Insurers which stick to large-scale aggregation of risks will find themselves carrying an ever-increasing proportion

The second traditional role of insurance, saving for the inevitable, is also under threat, Again, a changing ments - and fewer still are sament of risk is part of the issue. The appeal of the Insurance Industry's savings products has relied on policyholders' unwillingness to expose themselves to the risks of direct investment in securities: risks of fraud, of ignorance, of short-term fluctuations. The growth of a well-regulated managed funds industry has of the next century.

eliminated many of these

concerns; the education of

tha investing public has helped, too. Most important, however has been the way in which the financial services industry has commercialised the past generation's revolution in academic financial theory. Index funds, the instrument of this process, have opened up the possibility of low-risk diversified portfolios of investment

cisely the service which the

insurance industry'a traditional savings products provided, but at a much lower cost. Meanwhile, fiscal pres sures on governments have helped to reduce the tax privileges that were another source of tha insurance industry's appeal to savers. The industry is aware that something is going on: its rush for scale is a response. That may be the wrong answer, however. It

sions of the corporate structures which are themselves part of the problem, with all the difficulties of communication and co-ordination that global scale imposes. Scale is largely irrelevant to the industry's real problems. Instead, successful insurers will focus on the areas where they can genuinely add value: the accu

rate pricing of unpredictable

risks, the collective protec-

tion of individuals against

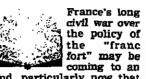
catastrophe and the mass

risks creating larger ver-

market distribution of lowcost savings products. Individual companies are concentrating on parts of this agenda. Few. however. are combining all the eleembracing the wholesale transformation of distribution systems, product design, cost structures and pricing expectations required. But without such a transformation, one of the oldest and most important parts of the financial services industry will find it hard to meet the challenge BOOK REVIEW · David Buchan

LA GUERRE DE SEPT ANS: By Eric Aeschimann and Pascal Riché Calmann Lévy, Paris, FFr130

The cost of keeping up with Germany



end, particularly now that French interest rates have fallen to near German levels. One of the reasons for a truca in the argument over monetary policy is recogni-tion that at last the French and German economies are roughly on the same cycle of low inflation and sluggish activity, and therefore tha bank's monetary pollcv is no longer so unsuitable for France.

However, there is a growing consensus in France that the country was wrong to keep the franc linked to the D-Mark in the early 1990s. Just when France was entering recession and needed aper money, the Bundesbank reacted to higher inflation in the wake of German reunification by raising

The authors of this book, both reporters for Libération, put the blame for this error squarely on politics. Strategic politics in the case of the late president, Francois Mitterrand, for whom the currency link across the Rhine was part of building Europe. Tactical politics in the case of the late Pierre Bérégovoy, the socialist finance and prime minister who wanted to show that the left could be as much in favour of hard money as the right, Similar motivation lies behind the continuation of the policy hy Mr Edouard Balladur, the Gaullist prime minister during the final Mitterrand years who saw

ldency. The book's title is a reference to the 18th century war in Europe which pitted France and its allies against Prussia and Britain. But the 'war" to defend the franc

the "franc fort" as a weapon

in his fight for France's pres-

France's long fort goes hack 12 years to civil war over 1984, when Bérégovoy hecame finance minister. When the lira was devalued within the European Monetary System in the following year, the franc was revalued along with the D-Mark.

Bérégovoy made the "franc fort" central to his policy in his second spell (1988-92) as finance minister. However, this book reveals he was ready to contemplate devaluation in the Septem-ber 1992 crisis when speculation against the franc suddenly eased. He was also beset hy a growing privata doubt over the "franc fort" during his unhappy year as prime minister that ended in electoral defeat in March 1993 and tragic suicide a

month later. At the start, it was not clear that the right would also attach itself to the "franc fort". In the run-up to the 1993 election, Alain Madelin, the free-market finance minister, was calling for an end to the link between the franc and the D-Mark while Mr Balladur was sounding out the Germans on the possibility of concerted interest rate cuts. In the event, Mr Balladur consigned Mr Madelin to a

minor government post, and never carried out his plans. Even after Mr Balladur maged to ease pressure on the franc in August 1993 by engineering wider fluctuation bands for currencies in the EMS, he maintained its link with the D-Mark, Why did he not use his influence with the Bank of France not independent until early 1994 - to let the franc weaken a bit without having to change its central rate

against the D-Mark? The answer Mr Balladur gives these days is that be did not want to reward speculators and that in any case he eventually got interest rates down. The real reason,

any depreciation would have displeased pro-Europeans on the right whom Mr Balladur was hy then courting in his bld for the Elysee.

His successor, Juppé, never wavered from the "franc fort". Jacques Chirac did for a time, but then found himself caught up in the same diplomatic logic that had driven Mitterrand on. The authors highlight the policy continuity provided by high-level bureaucrats, in particular 📒 Hervé Hannoun, who bad been Bérégovoy's chief aide before becoming daputy governor of the Bank of France. and Jean-Claude Trichet, now the central bank's gov-

The authors make it clear that for too long, too much weight was put on monetary policy as "the forceps" to bring a reformed France into the modern world. It is a pity they do not delve deeper into the debate - or lack of it on monetary policy inside the Bank of France. Was It. in bindsight, a mistake to have made the Bank of France independent so early, when the Maastricht treaty only requires central bank autonomy before the creation of the single currency in 1999? But perhaps this is only a secondary issue.

More important is the prospect of a new struggle over the "euro fort", this time with the French and the Germans again on different sides. The new Seven Years' War looks like taking the form of French efforts to ensure the euro is not overvalued against the dollar and yen, as the franc and D-Mark bave been, and German insistence that the new euro be at least as strong as their old D-Mark.

La Guerre de Sept Ans is available from FT Bookshop. Ring FreeColl 0500 418 419 (UK) or +44 181 964 1251 (outclaim the authors, is that side the UKO. Free p&p in UK



·LETTERS TO THE EDITOR·

"Number One Southwark Bridge, London SEI 9HL

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Internet set-up may be fatally flawed

From Mr Henry Birdseye

Sir. Your recent articles. 'Internet pricing" (October 28), and "Can't pay, won't cybersurf' (November 4). highlight fundamental flaws in the current Internet business model. The pricing of Internet services and the payment arrangements with telecoms providers and operators reflect an unfortunate combination of outdated assumptions and misguided

strategies. The outdated assumptions come from a time when the Internet was a negligible networks and generous long-distance margins supported low prices for local changed beyond recognition.

Explosive growth of Internet usage is causing network overloads. Congestion and delays are frustrating internet users. Intense competition is driving long-distance prices down relentlessly. thus forcing local services

Investment in capacity to handle Internet traffic, including the broad-band technologies required to make multimedia truly interactive, is badly needed. Yet the present business model does not offer the incentive to do so. If local calls are very cheap or free, and the wholesale payment for carrying Internet traffic is less than cost, how will a telecom ever earn a reasonabla

return on its investment?

The telecoms are making

guided competitive strategies. They are aggressively pricing Internet services to pre-empt independent providers from strip-mining their customer base. Unwittingly they are conditioning the marketplace to expect extremely low flat-rate pricto pay their own way.

ing for Internet access. This further distorts the business model. Low flat rates will not generate the profits to justify required investments. But once customers are conditioned to pay \$10 a month for unlimited internet access it is hard to persuade them to pay \$30. Is the current Internet

matters worse through mis-

business modal fatally flawed? It may well be, because the model is not sustainable but has formidable

momentum. Note the immediate opposition by the computer industry to a small per-minute fee to the telecoms. This would not be the first time an innovation generated huge excitement and then hombed. Remember CB radio. It showed the way for mobile telecommunications. And with a much more robust husiness model the mobile industry took off. The Internet as we know it today may be a comparable path-

Henry Birdseye Weil, senior lecturer Massachusetts Institute of Technology. 50 Memorial Drive. Cambridge MA 02142-1347.

Shell denial of rights

From Mr Roger Lyons. Sir. I was encouraged to ee Shell's chairman, John Jennings (November 5), calling for "substance rather than public positioning statements" in his exchange with Anita Roddick (Letters, October 31).

I then read that Shell has been "listening to people both inside and outside the company". However, Shell has refused point-blank to employees in its UK on shore operations, who have been union de-recognition.

If the company ignores the rights of its own employees to representation how can Shell's wish for "dialogue" be taken seriously?

The chairman of Shell should end this disgraceful denial of human rights if his defence of the company's activities elsewhere in the world are to be believed and that, as he claims, "things are changing at Shell".

Roger Lyons general secretary, MSF Union, MSF Centre, 33-37 Moreland Street London EC1V 8BB, UK

Disastrous reaction to work directive

From Mr Giles Radice MP. Sir, the government's reac-tion to the judgment of the European Court of Justice on the 48-bour working time directive is out of all proportion to tha issue ("UK threatens EU clash over employment laws", November 13). Under the directive, British workers who want to work more than 48 hours a week can do so by agreement with their employer. In addition, a whole series of

occupations is exempted from the provision of the directive, including transport workers, doctors In training and fishermen. The director-general of the Confederation of British Industry has accepted that the new rules would make very little difference to existing working patterns.

Whatever the government's views, it is wrong to attack the European Court of Justice. The single market is based on a system of common rules which need a court to police them. On many occasions British manufacturers have benefited from the rulings of the court.

It would be disastrous if the UK disrupted the intergovernmental conference for measure which will have little impact on the vast majority of UK industry and was in any case introduced long before the Maastricht treaty under the procedures of the Single Act (which was supported by Mrs Margaret Thatcher's government).

The attempt by Mr John Major, the prime minister, to hlock progress in Europe is likely to be as ineffective as the British policy of nonco-operation ovar the BSE crisis - and equally disastrous for our relations with our European partners.

Giles Radice. chairman of the European Movement. House of Commons London SE1A GAA, UK

What Keynes actually wrote was . . .

Sir, I agree with Lord Roll's criticism (Letters, November 11) of Michael Prowse for his absurd misentation of Keynes as lacking concern for the future. But the statement that "in the long run we are all dead" was certainly made by Keynes, not by Pigou, and it has only become infamous because it has for so long been taken completely out of

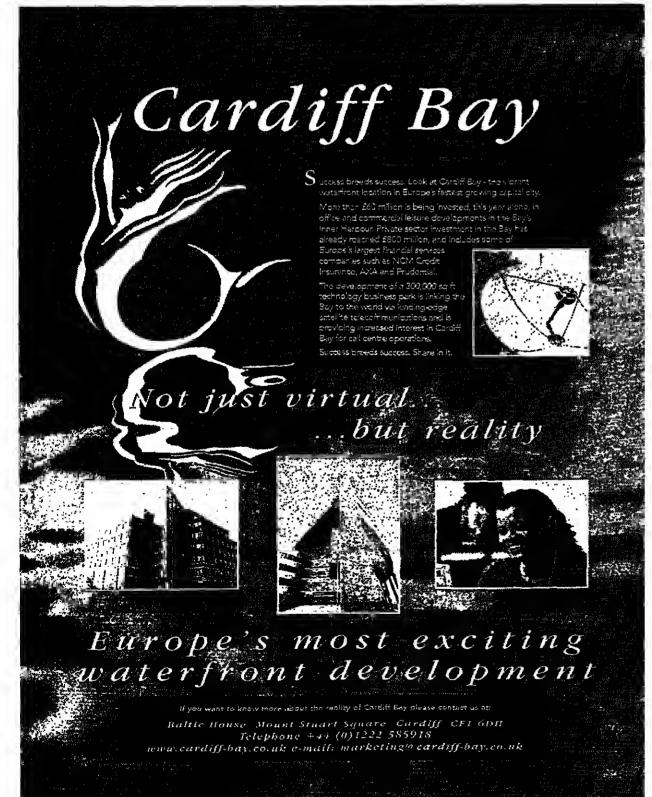
What Keynes actually

wrote was that "...this long run is a misleading guide to current affairs. In the long run we are all dead. Economists set themselves too easy, too useless a task if in tempestuous seasons they can only tell us that when the storm is over the ocean is flat again" (A Tract on Monetary Reform, 1923, 1st edition, p.80).

Far from being the cynical remark of an immoral man, this is a sharp rebuke to the whole crew of simple mone

tarists, populist politicians, sbock therapists, et olia, who are forever appealing to simple theories to excuse themselves from having to confront the real problems which block our path to their promised land.

P.B.W. Rayment, head of economic analysis. United Nations Economic Commission for Europe. Palais des Nations. CH-1211 Geneva 10.



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Passports to the future

been touring the capitals of ate between its citizens and Europe to promote the cause of Hong Kong after the British colony's handover to China in July 1997. The governor has had talks with senior French ministers and is meeting Chancellor Helmut Kohl in Boon. His mission: to persuade European governments to keep open their doors to citizens of what will become the new Special Administrative Region of China.

At first glance this may seem a small matter. But ease of movement for the estimated 3m people who will hold SAR passports will be vital to Hong Kong's future prosperity. Its reputation as a vibrant international financial centre and its distinct political and commercial identity within China will depend on continued freedom of travel for its citizens.

So far only Singapore has followed Britain in assuring SAR passport holders of visa-free entry. But Canada is considering following suit and Japan and Australia bave given assurances that, while requiring visas, their immigration con-

trols will be relatively relaxed.

There is little expectation that France and Germany will entirely scrap their visa requirements, but Europe's wider interest in Hong Kong's success should persuade them to adopt a liberal regime. Most importantly, Paris and Bonn should

This week Mr Chris Patten has and, at the very least, differentithose holding the passports of

the People's Republic. However, if Mr Patten is to persuade other European nations to take an enlightened view, tha British government must listen to the governor and to Hong Kong's legislative council and act decisively on another issue. An estimated 4,000 to 5,000 people from Hong Kong's non-Chinese ethnic minorities still face the prospect of becoming stateless after the handover.

Mainly Indians, they are excluded from Chinese citizen ship by Beijing's racist nationality law and have been denied right of abode in Britain. The most Mr John Major has been so far prepared to offer is that they would be allowed entry if they "came under pressure" after 1997. No one, least of all Mr Patten, thinks that is enough to avoid a damaging stain on Britain's international reputation. MPs across the parties are expected to reinforce the point when the House of Commons today holds a rare debate on Hong Kong.

Mr Major is said to be sympa thetic to the plight of the minorities but Tory party managers fear damaging beadlines in the tabloid press. Mr Michael Howard, the home secretary. has taken a similarly hard line. Mr Major, though, is prime minister. It is within his authority support the SAR's exclusion to make the right decision. Honfrom a common EU visa list our demands he does so.

World hunger

called by the UN Food and Agri- den rises in food prices. Internaculture Organisation to discuss ways of combating bunger, has been preceded by predictable of cash transfers, since food aid scepticism. A similar meeting in 1974 vowed to eradicate bunger in a decade, to no evident effect. If this one only produces more hand-wringing and pious plati- hie economic development. tudes, scepticisor risks turning. Global trade liberalisation is to cynicism. That would be one way to improve earning regrettable, since many of the problems which the meeting labour of developing countries, purports to address are real.

Freer farm trade can itself The first priority should be to ideotify clearly what they are. The prime cause of hunger is not, as some have suggested, a chronic - and worsening shortage of food supply. Such diagnoses are unduly pessimis-tic about the chances that agricultural productivity will continue to gain from technological advances. More important, even expanded food output and more stable population growth would be unlikely, on their own, to

alleviate the problem. As the World Bank has rightly cupphasised, bunger is largely a function of poverty. It not only afflicts poor countries. where food expenditure absorbs a large proportion of household incomes it is heavily concentrated among particularly susceptible population groups within those countries.

There is a strong case for emergency programmes to

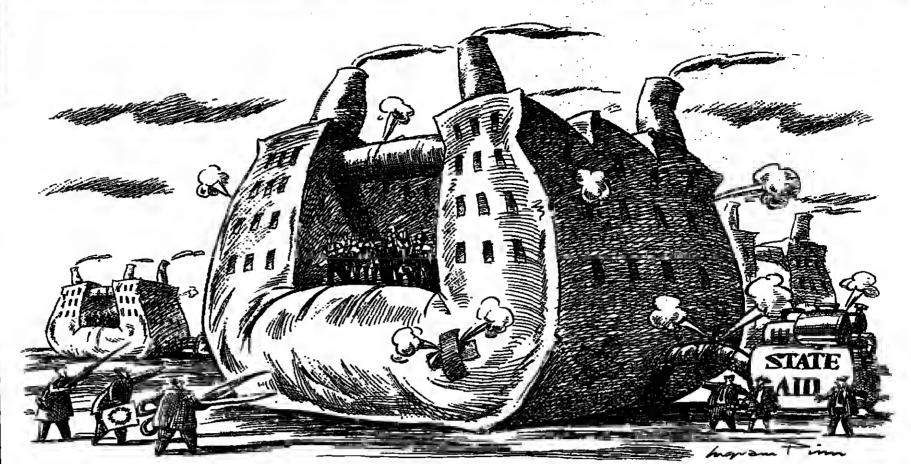
This week's world food summit, those most vulnerable to sudtional aid would facilitate such measures. This should consist has often damaged agricultural output in recipient countries.

But a durable solution requires faster and more equitaopportunitles for the ahundant

play a role. Import curbs and export subsidies - notably in Europe - have crippled production in many poorer countries be a high priority for the next farm negotiations in the World Trade Organisation.

True, trade liberalisation would prohably raise world prices, burting net food imporiing countries. But in many, agricultural output has been held back by economic misman agement and policies which have discriminated against farmers. Domestic market-based reforms could do much to belo these countries.

This week's conference can probably do little to promote these outcomes. The FAO's role is, in any case, increasingly marginal. Its most useful contribution to the debate on world hunger would be to help ensure that solutions are based on a insure the purchasing power of proper analysis of the problem.



The aidbusters' charter

Brazen flaunting of EU rules on state aid to industry have prompted proposals for new controls, writes Emma Tucker

of a plum tree in the summer and broke his arm, Mr Karel Van Miert, the European Union'e competition commissioner, was having a stressful

First, the eastern German state of Saxony paid more than DM91m (\$61m) to two profitable Volkswa-gen plants, ignoring a Commission ruling that the payment

would be illegal. Then the French government declared it wanted to give more money to Crédit Lyonnais. Other French banks complained the nationalised bank bad already been given FFr45bn (\$9hn) in 1995, the biggest payment of state aid ever approved by Brussels.

Last week it emerged that Bremer Vulkan, Germany's biggest ehipbuilding group, had diverted more than DM700m of state aid approved by Brussels for its ailing east German yards to the west German parent company.

Mr Van Miert says be has never heen under so much pres-sure to allow EU member states to use public money to support business. "High unemployment means trouble," he says. "The first thing governments want to do is give state ald."

But today the Commission is hitting back. In a joint initiative with the Irisb government, which holds the presidency of the EU. Mr Van Miert will seek approval from EU industry ministers for the most far-reaching shake-up of state aid rules in 40 years. The idea is to put today's

loosely constructed state aid rules on a more solid footing. with a refocusing of priorities, clearer procedures, rights for third parties, more transparency and greater legal certainty. The ideas to be proposed today

includa: Raising the threshold above which state aid cases are examined - thus allowing the Commission to concentrate on the really big cases that bave a serious

ven before he fell out impact on the single market. Introducing a timetable for the notification and investigation of state aid cases along the lines of the 1989 merger regulation.

Strengthening the role of third parties - competitors and other member states - in the

investigation process. Improving access to information in member states and at the Commission by establishing a register of decisions on state aid. We want the council to give us the tools to sort things out,"

says Mr Van Miert. Even before tha latest batch of state aid cases put the Commission on the defensive, plans were already afoot to revamp its approach to regulating state aid to industry. One of the main reasons was the fact that officials at the competition directorate are barely able to cope with the proliferation of cases and challenges to their decisions over the past few years.

There is such an increase in the number of cases that it is

The commissioner expects about 2,000 cases to be notified to Brussels this year, twice as many as last year and more than five times the number in 1988. The sharp increase stems largely from the liberalisation of important industrial sectors such as transport, telecoms and multimedia. These sectors have for the first time become exposed to competition, with new companies entering these markets complaining about unfair support for the former monopolies.

As one Irish diplomat says: "The liberalisation process is producing new sectors that 10 years ago weren't considered anything other than state-aided." One option would be to draft in extra staff but Mr Van Miert believes there is little chance of winning extra resources. Thus the Commission proposes to reduce the number of cases that

Brussels has to investigate by restricting scrutiny to big, crossborder state aid cases affecting the single market.
Under the existing rules the

competition authorities are supposed to examine any case of state aid that exceeds Ecul00,000 (\$79,000). But a ruling from the Court of First Instance, the lower court of the European Court of Justice, requires Brussels to respond to every complaint.

This means investigations into a dispute between two sports clubs on either side of a border have to be looked at just as cases such as those involving large national companies such as Crédit Lyonnais or Bremer Vul-

The danger of raising the thresholds is that leaving lots of small state aid cases unchecked could be damaging for competitors. Even small amounts of state ald might have a significant impact in particular markets.

This is of particular concern to the smaller member states which becoming extremely difficult to cannot compete with the handle them all," says Mr Van try by rich countries such as France, Italy and Germany. Last year, the Commission

cleared just over 600 state aid cases, one third involving Ger-- the "champion" of state aid, according to Mr Van Miert. Spain was tha second-worst offender followed by Italy and The competition commissioner

sympathises with the smaller states, but says the priority is to clarify the position on state aid. "That is a different debate" be says. "For the time being we want to concentrate on making things better, more transparent

and more legally certain in the He believes greater openness will counter political pressures on the Commission to approve state aid. This is why the Commission/Irish document calls for a register of rulings explaining

also wants the member states to able cash bandouts to more make public all cases of state aid - even if they are below the thresbold for notification.

The Idea of a register is not

just tokenism," says the Irish diplomat. "Registers enhance transparency and legal security." Greater transparency would also make it easier for competitors to make their views known, According to Unice, the European industry federation, bustness needs to be more closely involved in assessing the impact of aid to business inside the sin-

gle market. "Third-party competitors are often in the hest position to assess the potential anti-competitive effects of aid within their sectors," says a recent Unice report on state aid.

fficials also believe parties from the start of an investigation will make it harder still discuss draft ideas at a meeting for member states to put pressure next month. But, as one diplomat

aid to their own industries. "At the moment officials have a very frustrating task," says Mr Christian Ahlborn, a lawyer at Linklaters & Paines. "They carefully analyse a case only to see it tampered with hy the politi-

In addition to the growing number of cases, the Commission finds itself dealing with increasingly complex issues.

For example, it is baving to deal with new challenges in sectors such as multimedia and banking. The latter is particularly sensitive since bank crashes can have far-reaching consequences for national economies. The troubles at Crédit Lyonnais forced the Commission to produce a new set of procedures for

the banking sector. And countries bave become much more sophisticated about bow they administer state aid.

moving away from easily identifi-

sophisticated mechanisms. Governments have become more and more creative," says Mr Ahlborn, "You invent a rule and they get round it. You invent another rule and they get round

One example is the use of state guarantees to back commercial bank loans. This has become a particular problem in Germany where the Landesbanks owned by the states act as commercial banks. With state backing, they are able to get triple-A credit ratlngs, borrow money at much cheaper rates and lend it on pref-

erential terms to local industries. Similarly, governments are giv-ing their backing to commercial loans which allow alling enterprises to borrow money at rates

not available to competitors. The Commission's competition that encouraging directorate is examining the input from other responses to a questionnaire it sent out to member states on loan guarantees and expects to antees illegal could have a devastating effect on the German

banking sector. With all these issues up for discussion today, the meeting of industrial ministers promises to be tense. Member states will be reluctant to give more powers to Brussels which could make It barder for them to reduce the impact of industrial restructuring and the resulting job losses.

But the Commission will argue that unless the number of cases can be reduced and the procedure opened to public view, lts credibility as arbiter of competition policy in Europe will be at stake. Perhaps more powerful it will point out that there is a danger of member states becoming involved in a subsidy war in the fight against unemployment. Such a war could only distort the single market and further widen the gulf between rich and poor

Society bluff

The threat by four leading UK were discussing a merger, ad building societies to delay their libbed after the Treasury's original to the control of the cont plans for a stock market flotation because of uncertainty about the government's plans to reform the relevant law should

not be taken seriously.

The argument is a brazen bluff intended to preserve the protection against takeover which they will, under the current law, enjoy for five years after giving up mutual status.

The Halifax, the largest of the four, has already made it clear that it does not need this protection: it has ooted for a procedure which will negate the present legal provision which says that no one may acquire more than 15 per cent of its shares. The management of Alliance

& Letcester, which is the driving force behind the four societles' campaign, stands in much greater need of protection, but For all that, the government's disarray over huilding societies

legislation runs the risk of making Alliance & Leicester's case appear stronger than it is. Mrs Angela Knight, the Treasury minister responsible, has been making up policy on the hoof. She has compounded the problem by her confusion over wbether the government is

ready to find parliamentary Mrs Knight's proposal for "riog-fencing" any two societies which announced that they

nal consultative document, has happily, died. But she continues to tinker with unnecessarily

protectionist ideas.

Her latest idea is to keep the five-year shelter, unless a converted society itself takes over another financial institution.

There are many things about the current building societies law that need reforming. It is highly prescriptive, spelling out exactly what a society may do and how, rather than merely stipulating what it may not do. Worthwhile changes proposed In the Treasury's draft bill will, bowever, be undermined if they

are combined with measures to protect converting societies. Mrs Knight says that eliminating the five-year rule now would "ambusb" societies which chose conversion under

the impression that they would

be sheltered. It might, indeed, have been preferable to make the change in a year when no societies were queuing up for conversion. That is insufficient argument for retaining a crutch which the

strongest societies do not need. A society which chooses to become a bank and join the stock market has no claim for protection from the market's discipline. If Mrs Knight cannot bring herself to sweep away this protection, she would do better to leave the law alone.

Bare-faced

cheek

This week's Rome summit of the UN's Food and Agriculture Organisation has been a bit of a gloomy affair. The FAO's normally spacious head office has been crammed to the gills with 3,500 delegates and 2,500 rather grumpy journalists who, because of tight security, are denied access to that part of the. building where the summit

leaders are actually speaking. Thus reduced to watching the proceedings on television monitors, some of the backs are wondering why they bothered turning up, especially as the: summit yesterday adopted a declaration and plan of action, before most leaders had even arrived.

But yesterday had a lighter note. After his address to the summit Dan Glickman, USsecretary of agriculture, gave a press conference which was immediately intarrupted by several naked women protesters, protesting against US agricultural policies towards developing countries which they alleged - exacerbate

problems of bunger. They explained their case while scattering seeds around; a well-endowed young Italian named Olivia, and fluent in both Italian and English, beld

journalists captive for nearly half an hour before security

Taking off only his coat. Glickman was asked if he favoured more summits. "Yes," be said, "as long as they have the same freedom of expression

Flynn gets cross Brussels bureaucrats are feeling bruised by the virulent anti-EU tone emanating from London, not least the UK's tabloid press. Lashed over mad

cows, castigated over the 48-hour

working week - whatever next?

Perhaps the war of Flynn's ear. Britain's Daily Mail newspaper recently carried an article on . Padraig Flynn, EC commissioner for social affairs. The piece focused on Flynn's hisb roots and has provoked outrage in Ireland. It also clearly irritated Flyon; he has apparently decided enough is enough. The former Irish justice minister has now initiated legal proceedings against the Daily Mail. This

could get nasty.

Mussolini goes Alessandra Mussolini, wbo first traded on her looks and

politics, has abruptly flounced out of her party, the rightist National Alliance, or AN.

In a curt note and without explanation, the 35-year-old Mussolini yesterday announced she was abandoning the . parliamentary group. In 1992's general election she was snapped up for Naples by the MSI, the neo-fascist party that drew its inspiration from the

ideals of ber grandfather. But once elected she had a stormy relationship with the MSL Things didn't improve once it transformed itself into the AN to fight 1994's elections. She has: battled with her party colleagues on Napies' city council. upsetting them by her bipartisan support for the left wing administration of the city. headed by former communist

But Mussolini loves the limelight And in Italy. resignations have a habit of being withdrawn - she won't disappear. As one of her Naples colleagues observed yesterday: There are no political differences - just her desire always to be in the newspapers".

Glad to be gay

Being a Euro-MP of unusual daring, as well as wife of an ... almost-UK prima minister. aunt - Sophia Loren - to model/ act and then her parentage doesn't guarantee that everyone remembers your name, as grandfather Il Duce - to enter

Glenys Kinnock, wife of former Labour leader-turned European Commissioner Neil Kinnock, has

Although she recently raised her already high profile by journeying to Burma to meet opposition leader Aung San Suu Kyi, Irish European affairs minister Gay Mitchell yesterday managed to refer to her throughout a briefing as

"Gladys". Mitchell should be sensitive to problematic first names. Suspicious of his, Gallic organisers of a journalists dinner he was due to address on Tuesday rechristened him on the invitations as Guy Mitchell.

Yuppie earache The backlash against yuppiedom is truly under way -

the Swedes are investigating the harmful effects of using mobile phones. Some 17,000 mobile . phone users in Norway and Sweden are participating in a survey led by Kjell Hansson -Mild, a specialist in electromagnetic fields at Sweden's National Institute for Working Life. It seems heavy users of such phones complain of headaches, dizziness, drowsiness, nausea, memory loss and lack of concentration. Next thing you know they'll be looking into wallet induced

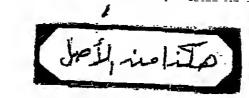
Financial Times

100 years ago

Low-priced Yankees In the first stage of the recent advance in American railroad ssues, attention was mainly directed by the market to the higher-priced speculative favourites such as the Milwaukee and Louisvilles. But after the first wild scramble for these, the public began to recognise that it was rather in the lower-priced varieties that speculative attraction was now to be found. A number of these cheap stocks represents the wreckage of tha railroad crisis of 1893, and although most of the companies have successfully emerged from their troubles, people have been leaving the shares

50 years ago

Costs In South Africa Mr. J.H. Holmeyr, acting Prime Minister of South Africa, told the Natal Congress of the United (Government: Party yesterday that the present "cost structure" in South Africa must be lowered. "It is important for the gold mining industry; it is important for all of us," be said. "That it will come I have no doubt. When it will come I cannot say." High price levels affected the gold mining industry in a way in which they did not affect other industries, be added.



Thursday November 14 1996

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KROESS |

Iraq fair pulls in big names despite sanctions

Overseas exhibitors are still wooing Baghdad

By Roula Khalaf in Baghdad

nyone visiting the Baghdad trade fair this week could easily think that husiness in Iraq is back to normal.

Visitors can inspect a Massey Ferguson tractor displayed by the company's UK subsidiary and visit stands for French oil companies Total and Elf and Canada's Ranger

The Malaysian Palm Oil Production Company draws the crowds with free fried chips. Children beg for a taste at the display put up hy Turkey's largest confectionery compa-nies. And the wealthy peruse the catalogues of Jordanian marble and red tiles.

Not a bad line-up for a country which, under Uoited Nations sanctions imposed since the 1990-1991 Gulf war, is banned from importing anything other than humanitarian goods and from exporting oil. its main source of foreign

The fair is beld every year as an act of defiance to prove growing international interest in doing business with Iraq and to try to weaken support for the compreheosive UN

This year, however, for the first time since the Gulf war, some big names have shown

The Italian oil company market Agip has never done business in Iraq, but it now has a permanent representative in Baghdad who set up his own section at the fair.

Frencb oil companies are seeking contracts to develop have suggested preliminary deals may have already been signed.

For many companies, exhibiting products at the fair is part of their long-term strategic planning. They expect that lifted and Iraq will give priority to companies that stuck around. Food and medicine Iraq when sanctions are lifted.

suppliers, and makers of agri- In the meantime, he says, cultural equipment, such as "Iraqis don't have dollars and Massey Ferguson, are allowed to sell to Iraq under the sanctions. These companies are also attracted by the prospect of increased trade if and when the oil-for-food deal lraq agreed with the UN in May is

impiemanted. The accord, which would reduce the burden of the sanctions by allowing Iraq to seli \$2bn of oil every six months to buy food and medicine, was put on hold in September. after Baghdad's invasion of Kurdish strongholds in north-

Meanwhile, Iraq claims that it is circumventing sanctions and freely importing and exporting many products, including selling some oil. Smuggling has become a main line of business in

Black market activities have nurtured a new class of Iragis with purchasing power

Baghdad and the markets display many newly-arrived, mostly low-quality, goods.

Most are beyond the reach of the average Iraqi on a monthly salary worth a few dollars, hut the smuggling and other black market activities bave nurtured a new class of Iraqis with purchasing power.

or exporters to Iraq, foreign currency is a probiem. According to foreign food traders, some large oil fields and some reports companies boping to win contracts when sanctions are lifted are beiping to finance small suppliers of food and medicine in a three-way deal that promises them payment by Iraq in the future.

A representative of a Chithe embargo will one day be nese building materials exporter at the fair says he is confident of a bright future for

you have to send shipments through Jordan. But there are other ways of doing business like barter trade, and we have to be flexible."

The day when Iraq will be allowed to buy military equipment is far off. But the Indonesian embassy representatives at the Baghdad fair appear to be more confident.

They are displaying pictures of military helicopters. The Chinese, meanwhile, want to sell everything from construction materials and equipment for the disabled to chemicals for plastic production and men's ties.

The South Koreans also want a plece of any future action. The Jordanian representative of tha Korean Trading Centre is in Baghdad for the first time since the Gulf war. He says Iraq, with its population of 20m people, and imports that once reached more than \$20bn a year, "has oothing and needs everything"

Being seen in Bagbdad today is a sensitive issue and not all companies are happy to find foreign journalists at the fair grounds.

A Greek company says it has come to Baghdad "unofficially", and asks that Its name not be reported hecause its interest in doing business in Iraq could jeopardise exports The largest space at the fair

is taken up by Turkish and Jordanian companies, which suffered most from the closing of the Iraqi market and are most likely to benefit from a partisl lifting of sanctions under the oil-for-food deal.

Mr Huseyin Gunes, export manager for Saray, a leading Turkish confectionery maker, says he believes the sanctions will be lifted in 1997 because Turkey and Iraq have endured enough.

"And if they are not, Turkey will not follow UN decisions,"

French carmakers could cut thousands of jobs

By David Owen in Paris

Peugeot Citroën and Renault, France's two main carmakers, are in talks with the government on proposals to cut thousands of jobs and reduce the average age of their employ-ees through early retirement and other measures.

The government said yesterday that a working group had been set up at the request of refused to confirm newspaper reports that as many as 40,000 employees might be affected. The companies employ a total of more than 220,000 people in car production worldwide, tha majority in France.

Both companies are under pressure to improve competithe face of cut-throat competition from foreign manufacturers. Both reported sharp downturns in first-half profits, and Renault expects to incur a full-year loss.

Disclosure of the talks comes at a difficult time for the government, which is struggling to combat record unamployment of 12.6 per cent, while keeping the lid on public spending.

The opposition Socialist party yesterday joined trade unions in seeking to exploit the government's dilemma, saying the unconfirmed 40,000 figure was "a new worry for jobs". The French government retains a 46 per cent stake in Renault.

The decision to form the working group appears to have been triggered by a letter in July from the companies to Mr Alain Juppé, prime minis-ter, Le Canard Enchaîné, the satirical newspaper, said the letter warned that the French car industry had to adapt to new conditions. It pointed out that half the two companies' employees would be more than 50 years old by 2000.

The talks are thought to focus on a law that offers state funding to companies placing older employees on part-time work, while hiring young people. This could help both companies reduce the average age of their workforces - 45 at 43 at Peugeot

Renault said that cutting both the average age of its workers and its overall number of employees was necessary for the future. The two mpanies had teamed up to talk to the government because of a "convergence of problems", it said. "What is at stake is our survival."

The two companies' shares moved in sharply diverging directions yesterday, with Peugeot climbing FFr12, or 2.1 per cent. to FFr590 and Repault failing FFr1.90, or 1.5 per cent, to FFr121.

340.79 (+1.40) hite the dust. And not before time. Over the years, shareholder wealth has been frittered away on dubious diversifications and poor management of its existing businesses. Yesterday's split between a media group and an energy group makes sense. The value of the media husiness was not fully appreciated so long as it was locked inside a badlyperforming conglomerate. Still, both the manner of the break-up and the way Westinghouse has got there are questionable. It would have been more logical to spin off completely Thermo King, Westinghouse's gem of a refriger-ated transport division, instead of

latest old-fashioned conglomerate to

leaving it partially yoked to tha

A higger doubt is whether it was

desirable to pay premium prices to

beef up Westinghouse's media husi-

ness to prepare for the break-up.

Tha groop has spent nearly \$10bn

huying CBS, the broadcaster, and

Infinity Broadcasting, a network of

radio stations. True, these acquisi-

tions will allow Westinghouse to

deploy its past tax losses efficiently. But shareholders might have done

simple liquidation strategy, instead of turning itself into a media group.

This is especially so since the new

Westinghouse may find its strategy

of concentrating on distribution

rather than content puts it at s dis-

advantage when some of its largest

rivals - like Disney, Time Warner

and News Corporation - have both.

News of a large hidden stockpila

of copper in Rotterdam comes as

unwelcome news to a market still

reeling from the Sumitomo scandal.

The tale remains a murky one, but

a study of copper flows to and from

the Netherlands suggests a stock-

pile as large as 500,000 tonnes could

have been built up between 1990

inflate the figures, but it is quite

plausible that a 200,000 tonne stock

nearly twice the present level of

copper held at the London Metal

the price need not be dramatic;

rumours of large hidden stocks are

not new, and there is evidence that the market price already factors

some of these in. LME stocks have

anyway fallen sharply to a six-year

Exchange – does exist.

Copper

respond. Copper is its benchmark product and LME prices form the basis for most pricing of physical copper. Given that the level of stocks is integral to the price-formation process, the integrity of the LME price is compromised by the existence of stocks not included in

THE LEX COLUMN

Moving Westinghouse

FTSE Eurotrack 200:

the Exchange's statistics. If the LME is to be seen to be beyond reproach, it must ensure better if the group had pursued a that it achieves a better understanding of the stock position in non-LME warehouses, it should also reveal details of the origin of stocks entering its warehouses, to assist in the corroboration of trade data. Without such steps, It risks attracting further criticism of the way it manages its affairs.

E Midlands/Dominion

The continuing herd-like rush of US hids for British power companies is a remarkable collective folly. Dominion Resources' bid for East Midlands Electricity is yet another case in point: East Midlands will continue to be run in the same way by the same management. Yet just to get control. Dominion is pointlessly paying a fattish premium and 1995. Statistical glitches may over what East Midlands, on most fundamental reckonings, is worth. Dominion's 670p offer also makes its previous statement - that it would not bld much more than 608p · look dangerously close to mislead. The effect of these revelations on ing.

Of course, Dominion shareholders can console themselves that the company is not overbidding by quite as much as others have. Dominion is paying 6A times pro-spective earnings before interest, low, but the price has refused to tax and depreciation - roughly budge. Even so, the LME must what CalEnergy is offering for

Northern Electric – when previous blds in the sector have ranged between six and eight times. But in reality, although some conclude East Midlands should have beld out for more, its negotiating hand was weak had the Americans gona hos-tile at this price, they would almost certainly have won.

The only risk for investors oow is a referral to the Monopolies and Mergers Commission. But assume that a referral would send East Midiands' share price back to 530p, and last night's 622½p price implies a 30 per cent or so prohability of referral. This looks overdone. It is, for instance, a higher discount than the market is applying to Northern Electric - where the referral risk is plainly higher. For the brave, East Midlands shares look an interesting

Crest

Crisis, what crisis? That is the attitude of CrestCo, the company responsible for London's new electronic settlement system. But thenotion that the backlogs in Crest are the fault of a bandful of small stockbrokers which are having problems adapting to the new system is hard to helieve. The hig investment banks are also worried thet the system cannot cope, even though it is far from fully loaded,

The first priority must be to establish exactly how serious the problems are. So the idea of an audit by independent consultants bas marit. Moreover, If doubts about Crest's ability to run at full capacity are well-founded, it would be hetter to go back to the old paper-based system until the new electronic one is completely debug-

The broader lesson is the need to pin accountability on managers of this sort of project. It is worrying that CrestCo is even now reluctant to guarantee service levels. If users had insisted right from the start on stiff penalties for failures to perform, CrestCo would have had a greater incentive to debug the system before switching it on. The Stock Exchange, which lost control of settlement following its disastrous attempt to build its own electronic system, must be taking quiet satisfaction from Crest's problems. Meanwhile, there should be red faces at the Bank of England, which gave birth to Crest.

> Additional Lex comment on Land Securities, Page 23

Kazakh crew blamed for air crash

Continued from Page 1

Saudia let to climb to, and hold, a beight of 14,000 ft, and the Ilyushin to descend to, and hold, an altitude of 15,000 ft. towards each other in the

trollers contend, is acceptable to the International Civil Aviation Organisation whose rules Both aircraft were flying govern air control standards.

tected by a 1000 ft gap - a radar technology, which does routine practice near Delhi not give the relative altitude of which, Indian air traffic con- aircraft in its field, international airlines and pilots vesterday expressed overall confidence in their air traffic systems and procedure. Luft-Though Delhi air traffic conbansa and British Airways same westerly corridor, pro- trollers rely on 20-year-old both fly daily to Dehli.

Heart drug gets support from study

Continued from Page 1

rarily suspended in advance of the announcement, Bristol-Myers Soulhh shares traded normally.

The drug trial was unusual

for drugs already on the market - and in the way it took patients from three gronps,

Clopidogrel works like aspirin, by interfering with the chemistry of blood clotting. But the precise mechanism those who suffered beart differs and trials are being attacks, strokes or peripheral planned for a combination of

FT WEATHER GUIDE **Europe today** Conditions will not be as unsettled as the last few days, during which Tanglers had 150mm of rain, but it 6 will still be cloudy and wet over most of Europe - tha result of a frontal system stretching from Russia to northern Italy and across HIGH Spain. Over western Europe, increasing high pressura will cause an easterly air flow. Temperatures 1,030 will be rather low. From Poland to France, temperatures will stay below 10C. Across the interior of Scandinavia, temperatures will rise above freezing point as a warm front arrives from the west. The front will bring a rise in temperatures over Scotland and Five-day forecast The Mediterranean coasts of showers or thunderstorms as the front stalls to the east. Over the continent, high pressure will cause a more easterly flow, reducing * temperatures to below zero at night.

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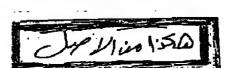
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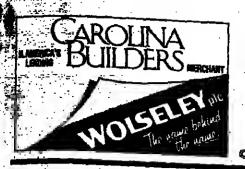
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PANIES & MARKETS

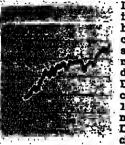
Thursday November 14 1996 THE FINANCIAL TIMES LIMITED 1996

International Asset Consultants 0171 405 8411

IN BRIEF

BASF rises 9% in first nine months

BASF, the German chemicals group, reported a rise of 9 per cent to DMS.37bn (\$2.24bn) in prefax profits for the first nine months and said the full-year result should at least match 1995's. Third-quarter pre-tax profits eased 2 per cent compared with the same period a year ago to DM1.05bn. Page 19



In Frankfurt, the DAX index closed at a record high, lifted by strong corporate results and a string of broker recommendations. Veba, the diversified utility, rose DM4.95, or almost six per cent, to DM88.55 on e 14.7 per cent rise in ninemonth pre-tax profits to DM2.5bn (\$1.6bn). At the close, the DAX stood at

2.770.61, up 6.31. Page 36; Veba results, Page 18

Pechiney, the French aluminium group, warned that it expected a sharp deterioration in activity and earnings in the fourth quarter, which would lead to a net loss in the second half. Page 19

Techiba selle stake in chip venture Motorola, the US semiconductor and telecommunications company, has acquired Toshiha's 49.95 per cent stake in Nippon Motorola Microelectronics, a semiconductor distribution joint venture established by the two companies in Japan seven years ago. Page 21

Pepel faunches Venezuelan fight-back Pepsi-Cola launched an offensive to recapture the Venezuelan soft drinks market by forming an alliance with Empresas Polar, the country's largest food and drinks group. The deal comes three months after Pepai's long-time bottler, Cisneros, defected to the US group's rival, Coca-Cols: Page 22: China shown secret ingredient, Page 21

7 MCI

19 Martil Lynch

7 Microsoft

19 Modo

20 Metway Bank

22 Monerch Resources

23 Morgan Crucible

10 Nideo Europe

22 Navo Nordisk

22 PLN

21 Pechiney

. 18 Pensi-Cola

22 Refrioer

18 Rolls-Royce

23 SA Browering

17 SBC Warburg

48 Siam Commercial Bank

18 Schering

18 Siemens

10 Vebs

22 Virgin

10 Wates City

22 Yamaha Motor

20 St George Bank

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Chief price changes yesterday 659 + 11 590 + 12 263.1 + 14.2 5.1 Air Daulde 770 - 12 38P 212.7 - 4.1 7 Completes stod 2475 - 125 **TOJCYTO (Yors) Volcoveges P? Falle Holsmann Holsmann Holsmann Holsmann Holsmann Chesplat Eng Chesplat Chesplat Holsmann 11.85 + 0.20 29.60 + 0.60 13.70 + 0.25 9.40 + 0.10 Chine Light 33.10 - 0.60 Chice Motor 76.75 - 0.75 SANGEON (Sand)

Sale nets government more than \$2bn in world's second largest block trade

Paris concludes Elf Aquitaine deal

By David Owen in Paris and Conner Middelmann in London

The French etate yesterday sold the bulk of its remaining 9.85 per cent stake in Elf Aquitaine, the French oil, chemicals and drugs group, for more than FFr10bn (\$2bn).

The long-heralded transaction was conducted at FFr417.50 a share - a discount of nearly 2 per cent to Tuesday's closing prica of

The deal was done essentially in two parts. A total of ingly popular stock market

placed with institutional investors in France and overseas while 4.5 per cent was acquired by an Elf subsidiary.

and Paribas Capital Markets, joint global co-ordinators of the market placement, the transaction represents the sec-ond largest block trade exe-cuted in the international capi-

A block trade, also known as a bought deal, is an increas-

transaction. It involves a bank man, said that the acquisition is earmarked for transfer to Elf buying a block of shares using would "automatically amployees." its own capital to sell to investors at a profit.

The largest block trade was the \$1.8bn sale of shares in Enterprise Oil by Imperial Chemical Industries, the UK petrochemicals group, in 1990, which was jointly led by SG Warburg and Cazenove. In December 1995, Warburg also co-ordinated the sale by the UK government of shares in British Petroleum, worth

Mr Philippe Jaffré. Elf chair-

"automatically improve" the group's earnings per share. He said that it also removed "the uncertainty surrounding the French state's interest in the company which has weighed down the share

Elf shares closed last night in Paris at FFr423.40, down FFr2.10 or 0.5 per cent, in line with the benchmark CAC-40

The sale leeves the state with a residual holding of 0.75 per cent in Elf, most of which

The two investment banks bought 12.58m shares for their own risk on Tuesday evening

and placed them with international institutional investors before the French stock market opened yesterday. Some 20 per cent were

placed in the US, 50 per cent went to UK accounts and the rest was sold to investors in France, the rest of Europe, Asia and the Middle East, syndicate officials said. The French government has

panies. In February it sold shares in Total, another oil company, worth about \$600m. and in September it raised some \$200m from the sale of shares in Crédit Local through block trades.

to use the proceeds from yes-terday's deal to top up funds needed for capital injections into state-owned companies. The state's golden share in Elf



Saatchi chief executives swap cities

Cordiant, the marketing services company, will announce today it is moving Saatchi & Saatchi advertising agency in London to take over Ms Jenuiser Laing's brief as chief executive of the North

American operation will be to

Mr Alan Bishop - who will replace Ms Laing as chief Saatchi UK is the heart and executive to Landon - has soul of the worldwide network

However, Cordiant, the agency's parent group, wants

to reinvenate the New York the highly-rated head of its unit with fresh blood from Ms Laing's task will be to the Saatchi unit in New York. focus on improving creativity

and client service and winning her own agency. new business, said Cordiant. Mr Bob Seelert Cordiant's introduce a more aggressive, chief executive, described the moves yesterday as "getting The current chief executive the right people in right ing the acrimonious removal places to build the business.

the headquarters of the UK operation.

Ms Laing returned to Sastchi last year for a second spell. She was briefly joint chairman of the agency in 1987 before leaving to set up

The 46-year old Briton has been credited with revitalising the business after several big clients left the agency followof its founder and former chairman Mr Maurica Saatchi. Cordiant says her appoint-

improved Saatchi's North and we want to spread that ment is not related to the sud-American business margins Charlotte Street culture". den departure in August of Mr n Fitzgeraid, York-based president and chief operating officer of Saatchi & Saatchi Advertising Worldwide.

> Fitzgerald, who left the agency only seven months after joining from McCann Erickson, was hired to help boost the agency's fortunes after the split with Mr Mau-rice Saatchi and was regarded as heir apparent to Mr Ed Wax, chairman and chief executive of Saatchi Worldwide. Cordiant says it has no plans to fill his position.

Westinghouse aims to be force in cable TV

in New York

Westinghouse Electric indicated it has plans to become a force in the US cable television business following its announcement yesterday that it aims to spin off its remaining industrial busi-

Expansion in cable would build on recent acquisitions that have already made Westinghouse the country's biggest broadcast television

and radio group.

Alongside the spin-off, which had been expected, Westinghouse announced a public sale of up to 20 per cent of Thermo King, the refrigerated transport business which is the most successful part of its

industrial operations. The moves announced yesterday, expected to take nine months to complete, will conclude a remarkable shift which has seen Westinghouse turn elf from one of the the US's broadest industrial conglomer-

ates into a media group. The Westinghouse Electric name will be shed along with the industrial units. A new name has yet to be announced for the continuing operations. which have been built with the \$5.4bn acquisition of television company CBS and the pending \$3.9bn purchase of Infinity Broadcasting, a radio group.

Mr Michael Jordan, chairman, reiterated the company's aim of remaining mainly a distributor, rather than e pro-

ducer, of television and radio which sets it apart from the US's other big entertainment

groups, which have invested heavily in production. The group also plans to add to its broadcast television and radio operations, he indicated. "We will be expanding our position in the cable environment," Mr Jordan said. The company has long been rumoured to have an interest in Gaylord Entertainment, a private media group which owns cable television systems as well as production activi-ties, particularly in the coun-

try music business. Westinghouse said its media business will be left with around \$5.8bn of debt, along with \$1.8bn of tax losses to set against its future profits. The company's executives forecast, though, that its cashflow would expand rapidly in the coming years, allowing it to reduce its debt. Revenues would grow 8-10 per cent a year, contributing to growth in earnings before interest, taxes and depreciation of 15-20 per

cent over the next four years. Besides Thermo King, the industrial businesses to be spun off comprise a maker of power generation equipment and a nuclear power company. The partial public offering of Thermo King was intended to maximise the value of the businesses, Westinghouse said.

Change of direction, Page 22

SBC plans to issue bonds linked to UK house prices

and Simon London in London

An issue of bonds linked to UK homeowners a reduced or zero house prices is being planned by SBC Warburg, the investment bank. The move could offer fund managers direct exposure to the housing market through listed securities triple-A rated securities which for the first time.

The initiative comes with the renewed interest among UK fund managers in housing as a financial asset, but most are reluctant to buy houses directly. House prices are on a rising trend following the slide of the late 1980s and early Figures from Halifax Build-

in the year to October.

mortgage lender, show average house prices rising 7.1 per cent SBC Warburg plans to issue up to £200m (\$330m) of bonds gage launched this week by sense. It hopes this will be reached in the first half of Bank of Scotland is offering 1997.

rate of interest in return for a were invested heavily in prishare in any capital appreciation when the property is sold. SBC Warburg plans to repackage these loans into mercial property. will be sold to UK and interna-

tional investors. Although mortgage-backed bond issues are common in the international capital markets, most offer investors only a floating rate of interest rather than a share in any capital

The timing of the issue depends on the success of the ing Society, the largest UK Bank of Scotland loans in the mortgage market.

believes it needs a mortgage pool of at least £100m before

reached in the first half of

UK life and pension funds vate rented housing until the 1960s, when government rent controls encouraged them to sell and concentrate on com-Investment institutions in

European countries such as France and the Netherlands rented housing. Mr Craig Corn, joint head of

SBC Warburg's residential property group, said the housing-linked bonds would appeal especially to pension funds. The UK housing market is thought to have an aggregate value of about £1,200bn The investment bank greater that the combined value of the UK's stock and

bond markets. the complex financial repackbacked by a new form of mortaging makes commercial DDI plunges despite sales rise

By Daniel Bögler in Tokyo

DDI, Japan's second-largest mobile telephone company, reported a 56 per cent jump in half-year turnover to Y473bn (\$4.3bn) because of a surge in cellular phone sales.

However, the cost of subsidising new handsets and its digital network almost obliterated consolidated pre-tax profits, which fell from Y42bn to Yl.3bn. After a high tax hill, DDI reported a net loss of Y20.6bn for the six months to

September. Subscriber rates beat expectations in all three divisions. In its established fixed. long distance phone operation which was the first domestic

group - subscribers rose 3 per cent to 149m. This is expected to rise to 15.4m by March.

DDI Cellular customers jumped from 2m to 2.82m in lier this month that it expected

shorter range expects subscribers to rise from 1.87m to 2.8m newer businesses. by the end of the second half. While the long-distance busidepressing profits in the cellu-

rival in 1996 to NTT, Japan's spending programme. DDI dominant telecommunications Pocket, founded a year ago, will make a Y83hn loss this year due to aggressive marketing and incentive fees. As a result, DDI warned ear-

six months and is forecast to a net loss of Y35bn this year reach 8.4m by the end of the on sales of Y1,010km. The loss is heightened by Japanese tax DDI Pocket, which sells rules - the tax on DDI's cheaper mobile phones with a long-distance profits cannot be offset against losses in its

However, Mr Makio Inui, telecoms analyst at Salomon ness is highly lucrative, the Brothers, said lower access need to substitise handsets is charges to NTT's local network, which are under negotilar division, which also ation, could not DDI Y30hn accounts for the lion's share of extra profits before the end of this year's Y404bn capital the year.

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COMPANIES AND FINANCE: INTERNATIONAL

Electricity unit lifts Veba

in Bonn

Veba, the German industrial group, has announced a 14.7 per cent rise in pre-tax profits to DM2.5bn (\$1.6bn) in the first nine months, thanks largely to strong growth in its electricity busine

The company said the figures were well ahead of its expectations and that it was on target for eignificant growth in sales and profits for the full year. In 1995 Vebs had pre-tax profits of DM3.83bn on ealea of DM72.3bn. The shares rose DM4-95 to DM88.55.

The rise in net profits at the Düsseldorf-based group, dinavia, and the benef which is Germany's fourth effects of a long winter.

largest industrial company. was even more marked, rising 25.2 per cent to DM1.22bn. Group eales increased slightly by 1.4 per cent to DM55.3bn.

In the electricity division, PreussenElektra, total sales fell 2.5 per cent to DMIL1bn. Veba said this was due to the drop in prices from the ending of the Kohlepfennio, s surcharge for the coal industry which was scrapped at start of the year, taking with it DM300m in sales. In volume terms, however, there was marked growth thanks to an increase in electricity exports, largely to the Netherlands and Scandinavia, and the beneficial

the effects of rationalisation measures. Veba does not break down its profits by division but said there had been a "remarkable rise" in profits at PreussenElektra. Veba'e oil trading division recorded the strongest rise in sales, up 9.7 per cent on

The division's perfor-

the same period in 1995 to DM12.8hn. Exploration and production had grown considerably and the division profited from a rise in oil prices, Veba said. The telecommunications division, Vebacom, saw a 4.1 per cent increase in turnover

to DM282m thanks to growth

in corporate business. Veba-

mance was also helped by months, but the parent company said this was in line with planning as the divieion, which is being positioned for the liberalisation of Germany's telecoms market in 1998, was still in the process of being built up.

Veba's chemicals division, Hüls, saw a 3.6 per cent drop in turnover despite a rise in the sale of silicon wafers.

In the general trading and services division, a drop in sales in the construction sector, which in Germany has suffered from a long winter and an overall slump in demand, was balanced by an group'e international oil com made a "considerably trading activities.



A one-piece jump-suit, part of the 1997 spring collection from John Galliano, Christian Dior head designer. The French fashion house yesterday posted sales up 2.9 per cent from FFr21.17bn to FFr21.79bn (\$4.8bn) in the nine months

INTERNATIONAL NEWS DIGEST

Teva to market Copaxone in Israel

Teva, Israel's largest pharmaceuticals company, is to market Copaxone, its multiple sclerosis drug, on the domestic market after it obtained approval yesterday from the Israeli health ministry, the first authority to grant such permission.

The move means Teva is poised to compete with Schering, the German pharmaceuticals group, which has been selling its own multiple sclerosis drug, Betaferon, in Israel after launching the product in Europe nearly 18

It also means that Teva will now step up its efforts to seek approval from the UK and other European Union anthorities once the US Food and Drug Administration gives the final go-ahead for Copaxone to be marketed in the US. Analysts said Copaxone could bring in additional revenues of between \$300m and \$400m in the next three years. Teva had sales of \$811.3m in 1995. The number of multiple eclerosis patients in Israel is estimated at Judy Dempsey, Jerusalem between 2,500 and 4,000.

willish

DUSTI

Winterthur in Swiss shake-un

Winterthur, the Swiss insurance group, is to integrate its domestic operations under common management and transfer the business of its Neuchatel Insurance unit into the group, resulting in 150 job losses. The group said the restructuring would be effective from January 1 1997. It was becoming increasingly difficult for its Neuchatel unit to continue to conduct insurance business with external sales outlets throughout Switzerland because of its small

Dresdner sets direct targets

Dresdner Bank's new direct banking operation, to be launched next year, should produce an average net return of 15 per cent in the first 10 years on the DM150m (\$100m) of capital to be invested, Mr Heinz-Jörg Platzek, a director, said. This included start-up losses. Break-even point should be reached in five years.

Mr Platzek said the direct bank, with 170 staff, would serve European customers outside Germany when the euro was introduced as the single currency. The aim of the new bank is to attract about 500,000 customers over 10

CFF shares suspended

and cheld b Crédit Foncier de France shares were suspended yesterday pending a ruling by the Paris appeal court on Caisse des Dépôts et Consignations' FFx70 a share bid for CFF on behalf of the French state, the bourse authorities

Deutsche Bank branch revamp Dentsche Bank is to streamline its regional organisation as part of a drive to cut costs and improve service. Its

domestic branch network will be divided into eight main regions instead of 18.

Comments and press releases about international companies coverage can be sent by e-mail to international companies@ft.com.

ocal brewing lifts SAB 20%

By Mark Ashurst

South African Breweries yesterday announced interim results ahead of expectations, as local beer interests beat the downturn in consumer spending.

Pre-tax profits for the six months to September 30 increased from Ribn to R1.2bn (\$254.8m). Turnover rose 16 per cent to R17.2bn, despite slower sales at Edgars, the fashion retailer. and OK Bazaars, the super-

Earnings per share were 14 per cent higher at 185 cents, against 163 cents a year ago. The dividend was raised in line with earnings, from 57 ceuts a share to 65 cents.

Analysts said the results were slightly ahead of expectations, although these had been scaled down last week after a disappointing performance from Edgars. The shares closed down 50

cents at R115-25, having earlier touched R116.50. Mr Murray Winckler, of lvor Jones Roy, the brokers, said SAB "had to ehow a reasonable result" after a \$413m international equity placing last month.

Mr Winckler sald market sentiment was "fairly negative", and foreigners were

selling the new SAB paper "flowback" of shares back to South Africa. The new sharee were

priced at R115, a discount of finance just over 4 per cent to the then market price of R120, and 14 per cent below the SAB share price before the placing was announced. The international issue had been forced by foreign exchange controls which barred SAB from using rand to finance expansion in Poland, Romania and China

Mr Roy McAlpine at Lib-erty Life, the insurer, said the share price had tumbled when local institutions, which were not able to take

activities topped R1.7bn during the period; net cash stood at R754m at September 30; gearing was 37 per cent. Operating profits from local beer rose 17 per cent to contribute about 70 per cent of group profits, against 11

Mr Nigel Cox, SAB finance

international

director, said SAB could

operations from ceeh

serves and borrowing if exchange controls were lifted Cash from operating

per cent from Africa, Europe and Asia. Other retail and consumer goods operations in South Africa contributed up the issue, anticipated the 29 per cent.

onsortium reforms to make bid for Creditanstalt

By Eric Frey in Vienna

New Issue

First Austrian Savings Bank announced yesterday that it would make a bid for Creditanstalt with the same consortium that it left in September because of disagreements over the future management

of Austria's second largest bank. First Austrian said it had reached agreement with EA-Generali, the Austrian subsidiary of the Italian insurer, and the other consortium members, to submit an

offer to the Austrian finance ministry by tomorrow, when the letest deadline for the privatisation of

Creditanstalt expires. As no other hidder has stepped forward, Mr Viktor Klima, finance minister, is likely to accept the offer and bring the five-year saga of the Creditanstalt's privatisation

to an end this year. The consortium is believed to be preparing an offer of at least Sch10bn (\$948m) for just over 50 per cent of Creditanstalt's voting

stock. This falls short of Mr Klima's expectations - he had hoped to unload his whole 70 per cent voting stake - but it is more than the Sch6.5bn that EA Generali and its partners offered after First Austrian left the group. Mr Klima

rejected that earlier offer. The size of the bid will be set at a consortium meeting today. It is expected to be based on Creditanstalt's stock price, which closed at Sch719 yesterday and values the

Sch143bn. Earlier this week. First ture close to a full merger and a Austrian and its partners found a compromise on the disputed structure of a holding group for the asvings bank and Creditanstalt.

First Austrian originally insisted on nominating the joint management even though it is far smaller than Creditanstalt. It also wanted to keep the two banks' operations relatively independent. In contrast, Creditanstalt and the other consor-20m government shares at tium members demanded a struc-

more limited role for AVS, the foundation that controls First Austrian.

Banking sources said that First Austrian got its way on the merger question but gave in on the issue of control.

It also offered to raise the cash portion of its bid from Sch2bn to at least Sch2.5bn. In addition, AVS will put 75 per cent of its First Austrian shares into the new holding group.

This announcement appears for purposes of record.

November 1996

4,200,000 Shares

Triangle Pharmaceuticals, Inc.

Common Stock

The undersigned underwrote and sold these securities.

3,360,000 Shares

This portion of the offering was underwritten by the following U.S. Underwriters.

Dillon, Read & Co. Inc.

Alex. Brown & Sons

Bear, Stearns & Co. Inc.

Montgomery Securities Oppenheimer & Co., Inc.

Lazard Frères & Co. LLC Donaldson, Lufkin & Jenrette

PaineWebber Incorporated Salomon Brothers Inc Schroder Wertheim & Co. Vector Securities International, Inc. Allen & Company Cowen & Company Fahnestock & Co. Inc. Furman Selz Gruntal & Co., Incorporated Hanifen, Imhoff Inc. Needham & Company, Inc. The Robinson-Humphrey Company, Inc. Southcoast Capital Auerbach, Pollak & Richardson, Inc. Brean Murray & Co., Inc. David A. Noyes & Company

840,000 Shares

This portion of the offering was underwritten by the following International Underwriters.

Dillon, Read & Co. Inc.

Pennsylvania Merchant Group Ltd

Wedbush Morgan Securities

Bear, Stearns International Limited

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November 1996

CITIBAN(S)

COMPANIES AND FINANCE: EUROPE

BASF upbeat despite third-term slip

in Ludwigshaten

 $^{t}M_{W_{\mathbf{k}}}$

the German chemicals concarn, yester-day reported a rise of 9 per in line with expectations, cent in pre-tax profits for the first nine months to DM3.37bn (\$2.25bn), despite a 1995.

Mr Jürgen Strube, chairman, said this would put the group in a good position to move ahead in 1997. "We expect the revival of business in Europe to continue

the coming year." October's order inflow was well above the September level, he

but the shares eased in early dealings - though later closing 26 pfennigs higher at weaker third quarter. It said DM51.60 - on the news that the result for the full year third-quarter pre-tax profits should at least match that of had slipped 2 per cent to DM1.05bn.

Sales in the quarter were per cent higher, at DM11.85bn.

In the January-September period, sales were 3 per cent higher at DM36.12bn and the in the fourth quarter and in group said full year's sales

should rise at the same rate. age return of at least 10 per restructuring of the chemi-Volumes improved 3.7 per cent in the first nine months but lower selling prices depressed sales 3 per cent.

Favourable currency trends had added 1.6 per cent, while the net effect of acquisitions - mainly Zeneca's dyes business and returns and be more resisthe pharmaceuticals activities of Boots of the UK - and disposals was to anhance sales by 0.6 per cent.

The company said the 1996 return on total assets would not quite reach last year's level of 11.2 per cent before

acquisitions. BASF's target is an aver-Mr Strube said the overall market.

PHORIE

said.

In 1989, it reached 14.4 per

cent, but Mr Strube said

BASF would not return to

this level next year.

cent over an economic cycle. cal industry offered "considerable opportunities" for BASF.

It has recently announced a flurry of deals aimed at The group planned to sharpening its performance. reshape its business portfo-In addition, the group is lio further to improve its investing heavily in Asia. where Mr Strube said sales tant to cyclical trends, be and profits were increasing rapidly.

BASF would continue its However, he stressed that policy of disposals to BASF still regarded Europe strengthen its position in as its home market. At pres-Europe, while adding to its ent growth rates, it would take 15 years for Europe to be overtaken by Asia as the world's largest chemicals

internally generated growth in other markets through

Investors 43% fall at MoDo

By Hugh Carnegy in Stockholm

Shares in MoDo, the Swedish pulp and paper group, rose sharply yesterday despite a 43 per cent fall in the company's profits in the first nine months. Pre-tax earnings slid from

SKr4.3bn at the same stage last year to SKr2.5bn (\$378m). Rarnings per share fall from SKr36.10 to SKr18.80. But this was at the top end of analysts' expectations after a dismal year so far for the forestry industry caused by weak demand and falling prices. Year on year, MoDo's

third quarter profits fell by a bigger margin - from SKr1.7hn to SKr808m. But the result was ahead of profits in the second quarter and the company said demand and deliveries had risen during the third quarter.

The group's most-traded B share was up SETS.00 after the results were announced. before ending the day up SKr3.00 at SKr181.

Nevertheless, the weaknesses in the sector were apparent in MoDo's result. It said currency hedging accounted for SKr1.4bn - or more than half - of the nine-month profit. The group's net currency flow is hedged to the end of the year, with further contracts extending into 1997. It acknowledged its underlying performance would be more exposed next year.

Mr Bengt Pettersson, chief executive, also warned against over-optimism about a recovery in the sector, adding his voice to those saying there were mixed signals in the market about price and demand developments. MoDo, a net seller of wood pulp, said prices for the commodity were "under

some pressure". . MoDo said group sales dropped from SKr17.2bn to SKr15bn in the first nine months, leaving operating profits down from SKr4.8bn to SKr2.8bn.

EUROPEAN NEWS DIGEST

shrug off. Pechiney warnson fourth quarter

Pechiney, the French aluminium group, warned that it expected a Sharp deterioration in activity and earnings in the fourth quarter, which would produce a net loss for the second half. The first half of the fourth quarter was marked by a fall in aluminium prices and a mediocre trading environment for its drinks can activities. This, Pechiney said, had led to a fall of sales in the US and Europe, to the temporary halting of certain production lines and the shutdown of a drinks can factory in the US.

The group had previously warned that full-year results would be affected by exceptional provisions, and by the consequences for the group of a US lawsuit brought against its American National Can subsidiary. Group sales were FFr49.09bn (\$9.58bn) in the nine months to September, compared with a pro forma FFr51.03bn a year earlier. The year-earlier figure excluded turnover from activities sold in 1995, it said.

Sales slide at Usinor Sacilor

FFR bn change Alegren 49.8 45.6 37,6 0.9 -10.4 Box 15.67 1.37

biggest steel maker. yesterday reported a decline of more than 10 per cent in third quarter turnover as sales prices and volumes continued to fall. But the Paris-based company was relatively upbeat about prospects for the rest of the year and beyond, saying most prices bad now stabilised, with -13 f. some registering an improvement that was Successed 2.82 102 likely to continue into 1997. These hints of a brighter Source: Companies Dutlook did not prevent the shares from slipping 1.5 per

Usinor Sactlor, Europe's

cent to FFr78.60. The company said in September its second half results were likely to be "weaker than first-half figures" while remaining "clearly positive". Net attributable half yearly income slid 65 per cent from FFr2.36bn to FFr833m.

The strongest third-quarter price fall - of 16.8 per cent was for stainless steels and alloys. Prices for flat products were down 8.7 per cent and those for special

steels only 4 per cent.

The decline in volumes was most pronounced in the special steels product group, at 8.4 per cent. This compared with a fall of 2.3 per cent for stainless steels and alloys and 1.9 per cent for flat products. The overall third-quarter turnover decline was from FFr18.09bn in 1995 to FFr16.01bn. David Owen, Paris

Air France aims at break-even

Air France is maintaining its goal of breaking even in the 1996-97 financial year, despite the recent increase in fuel costs. In an interview in today's edition of Les Echos, the French financial daily, Mr Christian Blanc, chairman. also hints strongly that the state-owned carrier is interested in acquiring AOM, its regional rival. "How can Air France and its shareholder be indifferent to the fact that AOM might one day end up in British Airways's basket?" he asks. In addition, he suggests the airline's fleet development plans will include both Boeing of the IlS and Airbus

Novo Nordisk up 14%

in Copenhagen

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Novo Nordisk, the Danish pharmaceuticals and enzymes producer, met expectations with a 14 per cent increase in pre-tax profits in the first nine months of the year. But the rise in net profits was kept to 11 per cent by higher tax.

Sales of insulin and diabetes care products rose 12 per cent to DKr5.57bn (\$967m). Strong growth in insulin pen injection products were a feature of the growth, said Novo Nordisk, while in the US sales of diabetes care products, measured in dollars, were ahead 10 per cent.

Total sales after nine months increased 4 per cent. from DKr10.27bn to DKr10.72bn. but after allow- effect from January 2 1997.

ing for disposals sales increased 9 per cent - 11 per cent measured in local currencies - the group said.

Operating profits rose 12 per cent, from Daracional DErl. 76bn, and net financial income by 58 per cent to achieved sales of DKr88m in DKr126bn, taking pre-tax the first nine months, and a profits from DKrl.65bn to DKrl.89bn.

The tax rate rose from 27 per cent to 29 per cent. which held the increase in net profits to DKr1.34bn from DKr1.20bn last year.

Earnings per share increased from DKr32.23 to DKr85.83. The company announced a share split, reducing the trading value of B shares from DKr20 to DKr10 per unit and the ratio of American Depositary Shares from 1:4 to 1:2, with

Nordic sales of Seroxin, an anti-depressant, rose 30 per cent and licence income from international sales was DKr250m.

A new treatment for haemophilia, NovoSeven. new epilepsy drug, Gabitril, was introduced in Denmark this month.

· Sales by the healthcare division, including insulin, increased 8 per cent to a total of DKr7.93bn.

Sales by the industrial enzymes division, in which Novo Nordisk claims to be the world market leader, were up 7 per cent to DKr2.57bn.

Novo Nordisk maintained. its earlier full-year forecast of a 10-15 per cent rise in pre-tax profits.



Incentive held back by strong krona

By Hugh Carnegy

Incentive, the Wallenberg industrial group remodelled to focus on medical technology, yesterday reported a 60 per cent rise in pre-tax profits due to one-off gains. But underlying earnings were flat, held back in part by the strength of the Swedish

- krona. Pre-tax profits rose from SKr2bn at the same stage last year to SKr3.1bn (\$468m), lifted by non-recur-

ring gains of SKr2.6bn. Most of the one-time profits were accounted for by a SKrl.9bn capital gain from the sale in the third quarter of Skandinaviska Elverk, a power generator sold off as part of the restructuring of Incen-

SKr35.20. Operating profits for comparable operations fell slightly from SKr1.39bn to SKrl.38bn.

medical technology division, now by far Incentive's big-. gest unit and made up of Swedish-based Gambro, one of the world's leading renal care specialists.

Gambro's operating earntive. Earnings per share ings fell from SKr1.11hn in the nine months to Septemwere up from SKr22.65 to ber last year to SKr1.06bn in spite of a rise in sales from SKr7.6bn to SKr8bn.

But Incentive said Gam-There was a marginal fall were up 10 per cent after strategy to narrow its wide SKr48m.

in operating profits in the adjusting for negative cur- industrial spread and concentrate on medical techrency effects and the writedown of goodwill on Gam- nology. bro's acquisition in the US of

the REN kidney treatment in Incentive are the environgroup. In the third quarter, Gambro's operating profits rose from SKr337m last time to SKr370m on sales up from SKr2.5bn to SKr2.65bn. This belied group third from SKr158m in the nine quarter operating profits to months to September last rise from SKr411m to SKr479m. Incentive saw this its in materials handling bro's underlying earnings as justification of its recent dropped from SKr116m to

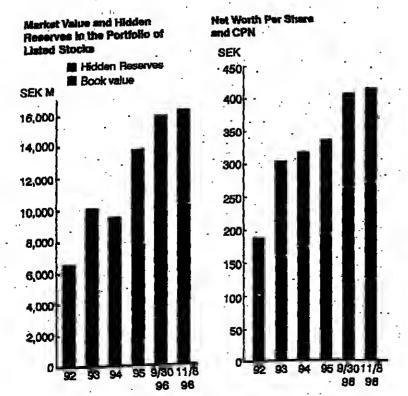
The other main operations

ment division, making air conditioning and similar products, and the materials handling unit. Operating profits in the former rose year to SKr207m, while prof-

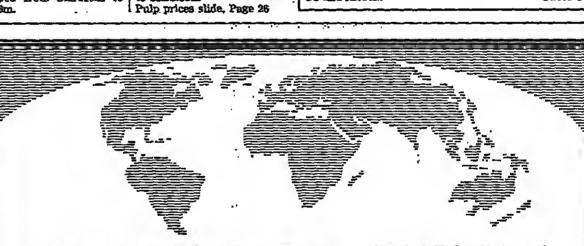
INDUSTRIVÄRDEN

Interim Report, January 1-September 30, 1996

- · Consolidated earnings after financial items totaled SEK 1,252 M (first nine months of 1995: SEK 810 M, including SEK 383 M from PLM). Capital gains on sales of listed stocks accounted for SEK 622 M (13) of this total.
- · The value of the portfolio of listed stocks on November 8, 1996, was SEK 16,325 M. Adjusted for purchases and sales, the value of the portfolio rose by 25 percent since the beginning of the year. The General Index also rose by 25 percent during the same period.
- Net worth at November 8, 1996, has been calculated at SEK 411 per share and CPN.



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ABRIDGED INTERIM REPORT for the six months ended 30 September 1996

Turnover Grows by 16% to over R17 billion Attributable earnings 16% improvement for the six months Earnings and dividend per share Up 14%

Cash generated from operations Exceeds R1.7 billion

> Gearing ratio Reduces to 0.37

Capital expenditure programme R2.2 billion approved

Prospects

Ongoing volatility in local financial markets and the absence of any short term easing in interest rates or inflation will continue to undermine consumer confidence and strain disposeble incomes. Notwithstanding these pressures, and providing consumer demand does not weaken significantly, the Group should still achieve real growth in earnings end dividends for the year as e whole.

INTERIM DIVIDEND

The Board has declared an interim dividend of 65.0 cents per ordinary share, on account of the year ending 31 March 1997, payable on or about 31 Occember 1998 to ordinary shareholders registered in the books of the Company at the close of business on 29 November 1996 ("the record date"). The Board has resolved not to award capitalisation shares,

2 Jan Smuts Avenue Johannesburg 2001 Republic of South Africa

Copies of the Interim Report, which contains full particulars of the dividend d to registered Shareholders and can be obtained from the London Secretaries JCI (London) Limited, 6 St James's Place, London SW1A INF.



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COMPANIES AND FINANCE: ASIA-PACIFIC

Results vary in Japan rail sector

By Gwen Robinson in Tokyo

Two railway companies that went public within three years of each other yesterday reported contrasting interim results, in spite of increase

East Japan Railway, known as JR East, announced a 3.3 per cent fall in unconsolidated recurring profit for the first half to September, to Y65.98bn (\$592m), attributed primarily to early redemption of high interest-bearing corporate bonds.

Revenue rose 1.2 per cent, to Y986.91bn, while net profit edged up 0.6 per cent, to Y34.98bn.

Mr Eiji Hosoya, managing director, said early redemption of the debeotures, worth about Y250bn

Y20bn. The group has taken ont new debt at lower interest rates.

Revenue from railway business rose 1.6 per cent, to Y949.4bn, although revenue from other operations fell 8.3 per cent, to Y37.4bn, because of weak sales at stores operated by the company.

Mr Hosoya noted strong growth in the number of commuters, which helped revenue from bullet-train services grow 2.5 per cent and that from Tokyo metropolitan suhway lines increase 1.2 per cent.
In October 1993, the company

became the first of the government's Japanese National Railways group to privatise after JNR was broken up in 1987. Investor interest in the pubwith interest rates of 5 per cent or lic offering ran so high that the travel and shipping busine

higher, caused losses of ahout stock launched on the market at Y600,000, some 60 per cent above its offering price, and promptly plunged a week later.

Yesterday the stock fell Y1,000 to close at Y525,000.

For the full year to March. JR East expects a recurring profit of Y103bn. up 0.8 per cent from a year earlier, and net profit of Y58bn, up 1.0 per

Overall revenue is projected at Y1,960bn, almost unchanged from the previous year's Y1,957bn. In contrast, West Japan Railway,

or JR West, reported that unconsolidated recurring profit for the first half rose 8.6 per cent, to Y37.94bn, mainly as a result of strong performances in the company's railway,

Operating revenues rose 3.6 per cent, to Y479.50hn, and net profit surged 45.9 per cent to Y23.33bn, or Y11,664.88 per share, up from Y7.997.32 a year earlier, before the company's privatisation.

The second railway to be privatised, JR West launched modestly on tha stock exchange in October, opening at Y360,000 and ending its first trading day at Y367,000 - just 2.8 per cent above its initial public offering price of Y357,000. In yesterday's trad-

ing, JR West fell Y1,000 to Y373,000. JR West said it would pay an interim dividend of Y2.500. unchanged from a year earlier. For the year to March, JR West predicts recurring profit of Y55bn and net profit of Y33bn, on operating reve-

Bank

merger

backed

Shareholders in

Queensland-based Metway

state's three largest financial

institutions into ooe "mega-

bank" with assets of around

Metway Bank - which had

previously planned to merge

with St George Bank, a New

South Wales-based regional

bank - was given almost

unanimous approval by its

shareholders for the acquisi-

tions of Suncorp Finance

and Insurance and Queensland Industry Development

Corporatioo from the state

government. in return, Met-

A\$19bn (US\$15bn).

By Nikki Tait

in Sydney

Strong performance at Japanese office automation group | Metway

Ricoh increases profits by 25%

By Daniel Bögler in Tokyo

New products, including an advanced range of digital photocopiers, high-resolution laser printers and a compact digital camera, were behind another strong performance at Ricoh, the Japanese office automation group.

In the six months to Septemher, Ricoh's ordinary profits, before tax and extraordinary items, increased by a quarter to Y17.8bn (\$160m) on sales 6 per cent higher at oearly Y337bn. Operating profits jumped 77 per cent to more than Y20bn, helped hy a combination of oew highermargin products and continued reductions in back-office

Ricoh has carried out an aggressive restructuring programme over the past three years and its 6 per cent operating margin is now one of the best in the industry.

The formerly mature photocopier market has received

a fillip over the past two ears from the introduction of colour machines and digital copiers, which can be integrated with facsimile machines and printers and linked to computers on-line. Ricoh, though behind its main rivsls Canon and Xerox in colour copiers, is Japan's leading producer of digital machines and has been s beneficiary of the market's return to growth. In the latest half-year, its sales of copiers, which make up 71 per cent of the total grew by 8 per cent in Japan and 22 per cent overseas helped by the weaker yen.

For the full year, Ricoh is predicting a 6 per cent sales increase to Y683bn and an 18 per cent advance in pre-tax profits to Y37.5bn. However, its consolidated results are likely to show slower growth due to the integration of Gestetner, the highlyindebted UK copier distributor which it bought in September 1995.



Analysts said that while the Gestetner acquisition dends to raise its annual divwould hold back short-term growth, it would help Ricoh to increase its international exposure, which at 28 per cent of total turnover lags behind Canon's 70 per cent, Ricoh also forecast it sheet.

would pay Y2 in special diviidend 20 per cent, to Y12 a share, This amounts to a payout ratio of 40 per cent of earnings, which is unusually high for Japan and reflects the group's strong balance

way is issuing additional securities to the state government. The government, in turn, is offering to huy out Metvay's existing shareholders at A\$4.80 in casb - although directors are not recom-Disappointing debut for Anhui mending acceptance, given

the current share price, which closed at A\$5.64 yesterday. "Shareholders who choose Equity issues of road comto remain part of the merged panies in Hong Kong are entity will become investors proving less popular in the in the leading Queensland current round of IPOs - in part because the sector has financial institution, with been tarnished by problems strong market positions in

hanking and insurance," they said yesterday. The relatively smooth vote vesterday will mean the new entity con

mooth. However, the vote follows a fairly fraught six months, during which St George tried to continue with its own merger plan, and Bank of Queensland, in which Suncorp owns a significant stake, declined to join the

state government's scheme. Meanwhile, there was continuing political controversy yesterday over the extent of the job losses which might result from the merger, with opposition leaders talking of 1.500 jobs being shed.

Tha government did not deny that some restructuring would result, hut claimed that the situation would have been worse had the St George deal proceeded.

A chief executive for the new entity has also not been chosen, although Mr John Lamble, head of the merger planning group, said yester day that an appointment was expected to be made by year-end.

Fill resh

through H shares, was is part of the Shanghai-harely subscribed and the Chengdn trunk road, and will acquire a section of the price had been expected to The company's shares closed at HK\$1.58, down fall. north-sonth coastal trunk

in Hong Kong

By Louise Lucas

Anbui Expressway, a builder of highways in the eastern Chinese province of Anhui, saw its share price go into reverse on its trading debut in Hong Kong yes-

19.6 per cent on the HK\$1.77

mark, ended the day at a record 12,943.69, up 1.07 per cent. The initial public offering

issue price. The Hang Seng

Index, Houg Kong's bench-

of Anhui Expressway, which is the 22nd former stateowned Chinese enterprise to terday - in stark contrast to attain a Hong Kong listing

The company raised some

through the sale of 493.01m H shares. Of these, 15 per cent were sold in Hong Kong through an IPO and the balance placed out. Anhul Expressway owns,

HK\$872.6m (US\$113m)

operates and develops toll roads. It operates the 134km neering highway in Hening Expressway, which

southern China. Analysts have also complained that some compa-

nies are too optimistic in their forecasts of toll reve-

that have delayed the prog-

ress on Mr Gordon Wn's pio-

PLN signs benchmark power deal owned by Italy's Ansaldo

By Manuela Saragosa in Jakarta

Indonesia's state-owned electricity company, Perusahaan Listrik Negara, yesterday signed a power purchase agreement for the first largescale solicited coal-fired project since the landmark Paitoo power agreements.

The power purchase agree-ment (PPA) for the 400MW plant in West Java is expected to set a new benchmark for coal-fired projects in

PLN has agreed to buy electricity at US\$0.0606 per kilowatt hour for 30 years consortium 45 per cent- eventually to US\$0.0554.

SEK AB Svensk Exportkredit Swedish Export Credit Corporato (Incorporated in The Kingdom of Sweden with langed habitiry) U.S. \$200,000,000 edinated Floating Rat Notes due 2002

or the Intenst Penad 13th

November, 1996 to 13th May, 1997, the Notes will carry an

annum with Coupon Amounts of U.S. \$27.30, U.S. \$272.99 and U.S. \$2,729.93 per U.S.

\$1,000, U.S. \$10,000 and U.S \$100,000 Notes respectively

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rest Rare of 5,42969% per

Sachsen Holding, a subsidiary of NRG Energy of the

US, has a 45 per cent stake in Dayalistrik, while Indonesia's Fenergi Cipta has 10 per cent. Fenergi Cipta is controlled by Indonesian timber tycoon

Mr Mohammad Hasan, a close associate of President Subarto. Dayalistrik's price is sig-

nificantly lower than the PPAs sealed for the coalfired Paiton I project, Indon-esia's first privata power "experiment", which set a rate of US\$0.0856 for the first from Dayalistrik Pratama, a six years, coming down

The Siemens-led consortium that concluded the second phase of the Paiton project agreed to sell power to PLN at US\$0.06598 per kilo-

Separately, Mr Djiteng Marsudi, PLN's president director, played down concerns over PLN's short-term debts following a report that BPPK, the state-owned auditing agency, had downgraded its rating on PLN to "unhealthy" because of cash

flow problems. although PLN's short-term debts now amount to Rp1,200bn (\$514m), the com-pany's assets were worth Rp50,000bn, and PLN

plan to list two of its power generating units. PLN's cash flow problems have not deterred unsolicited private power projects from pouring into the coun-

try, however. Several projects have yet to be signed, including the Java based Tanjung Jati-A coal-fired 2 X 600MW and Cilacap 400MW plants, and the Serang 400MW plant in west

Construction of the West Mr Marsudi sald that Java plant is expected to Ithough PLN's short-term start in the first half of 1997, with completioo set for 1999. Financial closure is scheduled to take place next

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ctor, the exhibition will be divided into six main areas :

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RAND MINES

Fulfilment of conditions precedent in respect of the

final unbundling ("the unbundling") of the Company.

Further to the announcement published on 15 October 1966, UAL

Merchant Bank Limited is authorised to announce that the reduction of the

Company's share capital in terms of section 84 of the Companies Act

1973 (Act No 61 of 1973) as amended, was duly confirmed by the Supreme Court of South Africa (Witwatersrand Local Division). All special resolutions passed at the general meeting of the Company held on 11 October 1996 together with the Order of Court confirming the reduction

of share capital have been registered by the Registrar of Companies and

accordingly, all conditions precedent to the unbundling of the Company

Shareholders are reminded that the last date for registration as an

ordinary shareholder of the Company in order to participate in the unbundling is Friday, 15 November 1996. An announcement to the

Posting of share certificates and cheques
Share certificates in respect of Ingwe Coal Corporation Limited ("Ingwe")
ordinary shares and cheques in settlement of fractional entitlements to
Ingwe ordinary shares, will be posted to the respective shareholders on
Tuesday, 26 November 1966 and Thursday, 28 November 1996,

The Company's listing on the Johannesburg Stock Exchange ("the JSE") will

be transferred to the "Cash Companies" sector of the JSE lists with effect

Shareholders are referred to the cautionary announcement published in

the press on Thursday, 7 November 1986 and are advised to continue to

exercise caution when dealing in the Company's shares until a further

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UNBUNDLING - DISTRIBUTION OF SHARES

IN INGWE COAL CORPORATION LIMITED ('INGWE')

NOTICE TO HOLDERS OF RAND MINES SHARE WARRANTS TO BEARER

Holders of Rand Mines share warrants to bearer are referred to the

announcements published above. To claim their entitlement to shares in

Ingwe and, where applicable, their entitlement to the cash proceeds arising from a fraction of an Ingwe share, such holders are required from Monday 18 November 1996 to lodge their share warrants to bearer

together with a duly completed listing and surrender form (in duplicate)

The Royal Bank of Scotland plc

Registrars Department

First Floor

5-10 Great Tower Street

London EC3R 5ER

Indwe shares will be issued in the ratio of 27 Ingwe shares for every 100

shares in Rand Mines and so in proportion for any lesser or greater

number of shares held in Rand Mines. The cash proceeds in respect of a

fraction of an Ingwe share will be paid in United Kingdom currency based

on the exchange rate ruling at the time the funds are remitted.

Entitlements to Ingwe shares and fractional entitlements thereto will be

NOTE: With effect from 29 November 1993, Rand Mines ordinary shares

The abovementioned entitlements will apply regardless of the number of

Ingwe share certificates together with cheques in respect of fractional

entitlements to Ingwe shares and the share warrants to bearer that were

lodged, will be made available for collection at the abovementioned

office of The Royal Bank of Scotland plc, or will be posted to holders of the

share warrants to bearer et their risk, ten days after the share warrants

Such share warrants will be endorsed on the reverse to the effect that

entitlement to lingwe shares and where applicable a cheque in respect of

The Rand Mines share warrants to bearer returned must not be

destroyed but should be retained in safe custody as they may be of

The distribution is subject to the terms and conditions set out in the

circular to shareholders of Rand Mines issued on 18 September 1996,

copies of which are available from the abovementioned office of The

Royal Bank of Scotland plc or from Barclays Bank PLC, 21 rue Laffitte,

Listing and lodgement forms are available only from The Royal Bank of

a fractional entitlement to an ingwe share have been satisfied.

Scotland plc, at the abovementioned office.

Viaduct Corporate Services Limited

of RI each were subdivided into ordinary shares of 25 cents each

and share warrants to bearer were recalled for overstamping in

order to endorse them with new nominal values. The original

denominations of 1, 5, 10, 20 and 25 ordinary share warrants to bearer are now in denominations of 4, 20, 40, 80 and 100

Number of

Ingwe Shares

21

10

5

Bowman Gilfillan Hayman Godfrey Inc. (Reg No 78/01915/21)

Smith Borkum Hare

ber of the Merrill Lynch Group Smith Borkum Hare (Pty) Ltd

(Reg. No. 95/01905/07) (Member of The Johannesburg

14 November 1996

Fraction of an

Ingwe Share

0.6

8.0

0.4

0.08

from the commencement of business on Monday, 18 November 1996.

holders of share warrants to bearer is published below.

have now been fulfilled.

Stock exchange listings

Cautionary announcement

announcement is published.

UAL Merchant Bank Limited (Reg. No 55/03181/08)

Denomination of Rand Mines

Share Warrants to Bearer

(see note below)

100

80

40

20

ordinary shares.

share warrants lodged.

Merchant Banker

Fergusson Bros A division of Invested Securiti (Reg. No. 72/06905/06)

(Member of The Johannesburg Exchange and the South Africa

Registration date

respectively.

LIVITED ("Rand Mines" and "the Company") (Incorporated in the Republic of South Africa) (Registration No. 01/00558/06)

COMPANIES AND FINANCE: ASIA-PACIFIC

Thai banks increase profits

By Ted Bardacke in Bangkok

leeding Thai commercial banks reported higher third-quarter net profit figures yesterday, and highlighted the different strategies they are employing to withstand the coun-

try's economic downturn. Thai Farmers Bank, the country's third-largest bank, said third-quarter net profits rose 7 per cent year-on-year. to Bt3.18bn (\$125m). Ninemonth profits of Bt9.37bn were 8.8 per cent higher than those for the first nine months of 1995.

president of Coca-

Cola China, likes

There's nothing like it," says 1.2bn consumers.

clirir which many Chinese already passed last year's,

thought tasted like cough with some 200m cases - the

make a profit out of its tasting" product, Coca-Cola's

China operations. Now it main investment has been in

Coca Cola ennounced last is marketing, edvertising month it was trabling the and promotion," says Mr

By the end of next year, it is known in Chinese

hased airline in which it listed arm of the UK-

Pacific.

Farrell.

to ettribute Coca-Cola's suc-

cess in China to the magical

properties of the American

soft drink, though its

achievements have not come

Mr Farrell of the brown-

mixture when it was

launched on the market.

Coca-Cola re-entered China

in 1979 in a blaze of publicity

after Sino-US relations were normalised - but it took

until 1990 for the company to

appears to have reeched

size of its Hangzhou bottling

plant to serve 40m potential

customers in Zheijiang prov-

ince south of Shanghai. This

follows the opening of the

company's 18th bottling

plant in China, in the city of

Harbin in north-eastern Hei-

The Swire Group and Cathay

Pacific, the Hong Kong-

holds a controlling stake, yesterday announced several

senior appointments which

owark a step towards

increased localisation of the

carrier's top management. In a related reshuffle, a

Swire executive has been

appointed to the trip operat-

regional carrier with a large

ing post at Dragoneir, the

longilang province.

By John Ridding

in Hong Kong

"critical mass".

letway

erger

icked

Slam Commercial Bank, gins and choosing profits Thailand's fourth-largest bank, said third-quarter net profits were up 17 per cent, to Bt2.3bn, while nine-month profits rose 15.5 per cent to

Both sets of results were in line with analysts' expec-Bank is increasing provi-sions to deal with rising nonperforming loans and maintaining some of the highest margins in the industry, Siam Commercial Bank is attempting to outgrow the That economy, building up assets at the expense of mar- in the year so far.

Chinese schoolchildren, part of a market of 1,2bn consumers, queue for a drink of the increasingly popular Coca-Cola

Marketing has helped Coca-Cola

overcome initial buyer resistance

Coca-Cola aims to have 23 (which translated literally

plants operating in China, means "Delicious and Happi-with e total investment of ness").

"It's a unique product. per cent of the country's success has been in Shang. in China do, however, cast a

\$500m and access to about 80.

Sales this year have

equivalent of nearly 5bn bot-

tles of Coke or just under

five bottles per person - sold

in China. Total sales last

To overcome initial buyer

year were about 187m cases.

resistance to the "strange-

marketing. "The real invest-

ment to this type of business

Spending on advertising

has doubled this year, and

will double again next year.

but Coca-Cola executives are coy about details. Television

has been one of the most

effective ways of promoting

Coke or "Ke Kou Ke Le" as

Mr Peter Johansen becomes

finance director of the Swire

of Swire Pacific, the locally-

controlled conglomerate, hy

Mr Simon Heale, deputy managing director of Cathay

This clears the way for the

appointment of Mr Philip Chen to the number two slot

at Cathay. Mr Chen, who is

currently the chief operating

officer at Dragoneir, is tipped as an eventual succes-

Group in Hong Kong. He is replaced as finance director

The company's biggest

consumption of Coke is 45

bottles, and Coca-Cole

expects to pass the 100 mark

within e few years. In the

US, everage annual con-

sumption is 300 bottles per

an attempt to win markets

beyond China's prosperous

coastal provinces. China's

north-east industrial heart-

land is relatively depressed.

Next year's four scheduled

plant openings will be in inland provinces.

Coca-Cola tailors its prod-

ucts for different parts of

China. In big cities, the com-

pany markets the full range of Coca-Cola products -

including Fanta, Diet Coke

and Sprite. Elsewhere, the

focus is on Coke itself - and

the bulk of sales are in the

form of returnable glass bot-

line. His resignation in Sep-

tember triggered the upheaval at Cathay.

At Dragonair, which is 36

per cent owned by China's

CNAC, Mr Chen is replaced by Mr Stanley Hui, the chief

operating officer of Air Hong

Kong. The cargo carrier is a

subsidiary of Cathay, which

seconded Mr Hui to the post.

comed yesterday's moves. "It

secures a line of succession

in the future at Cathay,"

said one. "More important, it

keeps a Swire person at the

top of Dragonair."

Aviation analysts wel-

The Harbin plant is part of

hai, where annual per capita shadow over Coca-Cole's

over provisions.

That Farmers increased its provisions 64 per cent in the third quarter to Bt700m, which together with declining income in other areas affected its bottom line.

The bank's core business tations. The figures show remains strong, with mar-that while Thai Farmers gms improving in the first quarter of the year, from 4.5 per cent to 4.7 per cent, one of the highest in the indus-

> Thai Farmers also increased loan growth in the quarter to 13 per cent yearon-year, the highest growth

Siam Commercial Bank did not release a full balance sheet, but Mr Philip Gawsawadikul, banking analyst at HG Asia, said that while non-performing loans as a percentage of total loans were estimated to heve climbed to just above 4 per cent, provisioning levels remained steady, allowing

profit growth. Margins also increased in the third quarter, to nearly 3.6 per cent

Siam Commercial's loan growth of an annualised 26 per cent continued to be the highest in the industry.

tles, rather than the more

expensive aluminium cans.

of materials sourced locally, a bottle of Coke is within

reach of a large percentage of consumers, including those from poor inland prov-

inces. Nationalist rumblings

ambitious plans. The compa

ny's success in displaying its

distinctive logo around the

country and its leading

share of the carbonated soft

drinks market - 22.8 per

cent last year - has made it

through joint ventures in

pntes between the share-

holders, which also include

Citic Pacific, the Hong Kong

arm of Beijing's flagship

Following the restructur-

ar, in which Swire and

ing of Dragonair earlier this

Cathay reduced their con-

trolling stake, there were

fears of competition between

the two main Hong Kong carriers and of future fric-

tion between Swire and Its

The appointments take

effect between February and

April next year, with the

exception of the change at

the top of Cathay, which

takes effect at the beginning

investment vehicle.

mainland partners.

foreign companies.

PepsiCo page 22

However, with 98 per cent

Toshiba in chip

Motorola, the US semi-

Nimmec was established in the heat of trade friction over the difficulties faced by foreign semiconductor mak-

In 1987, the US imposed 100 per cent tariff increase on Japanese-made PCs and other products, on the grounds that Japan had violated a bilateral agreement concluded in 1986 to improve foreign access to its market and prevent Japanese dumping of semicon-

ity that Motorola has estab lished with Toshlba in Japan - Tohoku Semiconductor, which produces about 9m semiconductors a month - will remain as a joint venture.

Yamaha Motor surges

turnover to Y495bn.

venture By Michiyo Nakamoto in Tokyo the bank to post higher

years ago. The US company decided China shown secret ingredient

greater access to the Japaese market. It added that the initial objectives of the joint ven-

ture had been achieved. The move indicates greater confidence among US companies in the Japanese market, where the share of foreign semiconductor makers has increesed from about 9 per cent in 1986 to more than 30 per cent this year, according to the Electronics Industries Association of Japan

between the US and Japan ers trying to break into the Japanese market.

ductors in the US.

the initial goals of Nimmec which distributed both Motorole brand semiconductors and Toshiba brand semiconductors made at e joint-venture plant in Japan - were to help Motorola sell its products to the Toshiba group and to other Japanese companies.

However, Motorole decided that, with Nimmec's sales rising to more than Y10bn (\$90m) last year, the joint venture had achieved its initial objectives.

The manufacturing fecil-

China. "We have a goal that about 30 per cent of our products should be indige-Yamaha Motor, the world's

Sales rose 8 per cent to doubled to Yl.6bn, but the dividend unchanged at Y3 a

For the year to next March. Yamaha Motor Is projecting recurring profits of Y8.5bn, up 49 per cent, and a 6 per cent increase in

The company said slnggish domestic demand for motorcycles was being offset hy strong sales in Europe, while the special vehicles to strong demand for snowmobiles in North America.

Yamaha Motor is 33 per cent owned by Yamaha Corporation, the world's biggest maker of musical instru-

sells stake

conductor and telecommunications company, has acquired Toshiba'e 49.95 per cent stake in a semiconductor distribution joint ven-ture established by the two companies in Japan seven

to acquire all of Nippon Motorola Microelectronics (Nimmec) in order to gain

Against this background,

e target for campaigns against Chinese homegrown products being swamped by in response, the company has complied with e government request that it should do more to help the Chinese soft drinks industry. It now has about eight local brands

second largest manufacturer nous Chinese products." Mr of motorcycles, more than trebled recurring profits to Y4.5bn (\$40m) in the six months to September. Sophie Roell largely due to strong export demand for motorcycles and the positive effects of the yen'e depreciation.

Y246bn. Net profits nearly group is leaving the interim share.

sor to the top post at Cathay. mainland Chinese sharehold-In his view, this will help Mr David Turnhull is set ing that was the subject of a ensure co-operation between strutegic ownership restruct- to take the top job, following Mr Rod Eddington's move to Cathay and CNAC and Under the reorganisation. Ansett, the Australian air- reduce the potential for disuring earlier this year. **Essential**

Hotel Guide

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NOTICE & HERBY CANN HAI the order of the High Coast of justice Chancey Chicosi chied the 6th day of November 1996 conforming the convolution of the drive premium account of Let Ack, 21/7 of the driven-capted tomplay was estimated by the linguistry of Companies on the 11th day of November 1996. DATED this 12th day of November 1996 DRIEG LLOPPON JUSCOP

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14 November 1996.



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Weekend FT

Pepsi launches attack on Venezuela market

Pepsi-Cola yesterday launched an offensive to recapture the Vanezuelan soft drinks market by forming an alliance with the country's largest food and drinks group, Empresas

The deal comes three months after Pepsi's longtime hottler, tha Cisnaros group, defected to rival Coca-Cola. Venezuela was one of the few markets

where Pepsi had an edge in sales over its competitor. Earlier this month, Mr Roger Enrico, PepsiCo chairman-elect, said "there have been important problems in Latin America" and that "no doubt mistakes have been made". But he insisted the company was on the rebound, particularly in

Pepsi would also seek to strengthen its Mexican bot-Although Pepsi's products disappeared overnight from

Venazuela. He added that

zuela, the company is confiallow it to recapture the 45 per cent market share it had only months ago.

"Polar has a unique production and distribution system," said Mr Craig Weatherup, chairman and chief executive officer. "That solid base, combined with consumer preference for Pepsi, gives us great confidence for the future

Yet Polar, the country's

restaurants and supermarket largest beer brewer with an central Venezuela, moving shelves throughout Vene- estimated 80 to 90 per cent market share, said the new dent the new alliance will soft drinks operation would remain entirely separate from its brewing and distrihution facilities. Mr Gimenez Pocaterra, president of Empresas Polar, said that more than \$390m would be

> distribution network. Initially, a joint venture in which Polar holds a 70 per cent stake will bottle and

invested in production

plants and an entirely new

to cover the remainder of the country from next year.

Empresas Polar last year had sales of \$1.8bn, of which about 60 per cent came from the sale of beer. Its own soft drinks brand, Golden, makes up less than 5 per cent of the soft drinks market but will continue to be produced alongside Pepsi products.

Pepsi is awaiting a decision by Venezuela'a antitrust agency, Procompetencia, on whether the deal between distribute Pepsi products in Coca-Cola and the Cisneros

group violates anti-monop oly laws. Pepsi says that Coca-Cola and the Cisneros group hold 98 per cent of the market, including the Hit brand-name soft drinks. Procompetencia says it will announce a decision by

December 10. Papsi-Cola rejected an offer by the Cisneros group to acquire three bottling plants as a footbold for its continued operation in Vene-

Coca Cola's China success

A sharp change of direction at Westinghouse

he US has heen treated to two very different styles of corporate restructuring this week - the choice between cutting companies down or cutting them off.

On Tuesday, Mr Albert Dunlap, a man who has revelled in his reputation as the foremost "corporate killer" in the US, demonstrated the hlunt method. Hired in June to sort out Sunbeam, a consumer products company, he announced plans to sell or close large parts of the company, in the process halving its 12.000-strong workforce and reducing its product line by 85 per cent.

By the end of next month, he declared, the overhaul would be largely complete. Bnt yesterday the spotlight passed to Mr Michael Jordan, a former McKinsey consultant whose cerebral manner and dowdy image make him about as far removed from the blunt Mr Dunlap as it is possible to

Mr Jordan has taken three-and-a-half years to unravel Westinghouse Electric, an old industrial conglomerate whose range of businesses has long house have left nothing ghastly this was," one said prompted comparisons with General Electric but whose woeful financial performance puts it in a very dif-

haps, Mr Dunlap himself was heard to muse not long ago that he could do a quicker and more effective joh of sorting out Westinghouse than its current manage-

advised by J. P. Morgan, is now close to finishing the job. As expected, the company said yesterday that it planned to apin off what remained of its traditional industrial businesses into a separate company, leaving it a pure media organisation a job that would take about nine months to complete.

long-suffering shareholders, has it been worth the wait? Certainly, this is not what Mr Jordan promised when he joined the company. He described his job then as one of reversing a costly move into financial services, and of peeling back layers of unnecessary cost and management to reveal a group of businesses with strong tech-

beneath. Like peeling an onion, though, the chairman's attempts to strip Westingbeneath

nology and market positions

Associates now say that the problems facing the company's 18 separate and unrelated husinesses simply below their level when he of industrial operations.



Michael Jordan: set for new career as media haron.

proved too deep-rooted. "I don't think anyone realised - including Mike and his management team - how

vesterday. With earnings failing to rise and Westinghouse's shares stuck stubbornly

joined the company, Mr Jordan has decided over the past year to execute a sharp change of direction, spending \$9.3bn in an unlikely attempt to reposition the company as a media group. That has been financed, in part, by the piecemeal sale His raward: Westing-house's shares have finally climbed out of the baseme this year, trading at \$19% yesterday lunchtime, compared with the \$12 level at which they had been stuck for much of his time at the

Shedding the last of the industrial units was the latest attempt to revive interest in the stock, presenting Wall Street with a new, pure media company in which to invest, unencumbered by the legacies of the past.

The value in the industrial unit - a company that will inherit the Westinghouse Electric name – is attributable mainly to Thermo King, its refrigerated transport unit. The company itself has suggested that this husiness could be worth upwards of

Thermo King will generate earnings before interest, taxes and depreciation of around \$225m on sales of \$1.2bn next year, estimates Mr Nick Heyman, an analyst at NatWest Securities in New York.

Thermo King will be tied, though, to a power genera-tion business which has proved to be one of Mr Jordan's most intractable problems. Comprising mainly a generation equipment and a nuclear power unit, the busi-

ness has been beset by fierce price competition from more efficient producers such as General Electric.

Leaving aside Thermo King, the industrial unit will generata \$250m cash on \$4.5bn of sales next year. Mr Reyman estimates. Most Wall Street analysts put the value of the unit as a whole at \$3-26 a share, or anything

from \$2bn-\$4bn in total. The bnlk of Westing-house's value will be left in its broadcasting unit - along with the \$1.8bn of tax losses that remain from the compa ny's dark days. This business is worth \$18-\$22 a share, according to most Wall

As yet it is too early to judge whether Mr Jordan will make a good media baron. CBS, the weakest of the US's three big television networks when he bought it, has started the autumn season on a stronger note. But its recovery is far from

The television stations acquired along with CBS, meanwhile, are said to be becoming more profitable under the influence of Westinghouse's own highly regarded broadcast unit, Group W. But there is little hard evidence to tell how successful they may become.

Richard Waters

AMERICAS NEWS DIGEST

Flow into US equity funds slows

Net cash flow into US equity mutual funds, widely regarded as the key to the sustained stock market rally of the past two years, appears to have slowed substantially last month. Total investment in equity funds - total new money minus total redemptions - was provisionally estimated at \$13bn during October, according to the Investment Company Institute, which monitors flows for the industry. It was down significantly from September's final figure of \$17.4bn.

The current level is high in historical terms, and is comfortably ahead of the \$9.6bn inflow recorded in October last year. But it confirms that small investors are now putting money into mutual funds at a significantly slower rate than they were in the first five months of this year, when average inflows were \$24bn.

Mr John Rea, the institute's chief economist, said anecdotal evidence suggested the slowdown was greatest for funds investing in US equities, rather than for international funds. There was an estimated outflow of \$500m from bond funds, the fourth time in six months that the sector had experienced slight outflows.

John Authers, New York

Conrail turns down Norfolk

Conrail, the Pennsylvania-based railway company at the centre of a bidding war, yesterday formally recommended its shareholders not to accept the latest hostile offer for the company from Norfolk Southern. It confirmed that it would continue with its plans for a friendly merger with CSX. However, the two railroads were unable to agree on any improvements to the current offer from CSX, which is 40 per cent in cash and 60 per cent in stock, and values Conrail at about \$93.70 per share, or about \$8.5bn. Norfolk Southern'a hostile all-cash offer is for \$110 a ahare, or about \$10bn.

Conrail said it had been in discussions on a possible increase in the terms of CSX's offer, but said: "There can be no assurance as to when or if any such modifications will be made." CSX last week increased its offer price, saying it had identified an extra \$180m in synergies and cost savings, bringing projected savings to \$730m.

Campbell Soup ahead 14%

Campbell Soup yesterday reported record sales of just over \$2bn for the first quarter of its financial year, up 3 per cent on the same period of the previous year. Excluding special charges, net income jumped 14 per cent to \$248m, producing earnings per share before charges of \$1.01, up *from* 88 cents the previous year, and slightly higher than analysts' estimates.

"Record results were driven by the powerful combination of 11 per cent higher sales in worldwide wet soup along with strong gains in productivity," said Mr David Johnson, Campbell chief executive officer, adding that margins had improved as a result.

As previously announced, the company took a special charge of \$160m to cover restructuring costs, including plant closures and asset sales. This brought net income down to \$88m and earnings per share to 38 cents. The company also said it had bought back more than \$1bn of shares in October. Tracy Corrigan, New York

Sherritt offering raised

A \$300m debenture offering by Canada's Sherritt .. International Corporation, which plans to expand its investments in Cuba, was increased to \$675m after the underwriters exercised an over-allotment option of \$875m in response to market demand. The Toronto-based company'a issue on Tuesday of 6 per cent. 10-year convertible debentures was enthusiastically received. An the underwriters, Griffiths McBurney and Midland Walwyn Capital, was increased by a further \$75m to meet

Sherritt said it would use the proceeds of the offering to finance capital projects, including new investment possibilities in Cuba in the sugar industry, petroleum refining, real estate and communications. It is moving to expand its business in Cuba, despite being targetted by US legislation aimed at curbing foreign investment on the Pascal Fletcher, Havana Columnel

Canada's Four Seasons Hotels has linked with the Indian developer Leela Group to open new luxury hotels in Bombay and Bangature, and refurbish a resort in Goa. Projects may follow it Madras and New Delhi. Leela will build the hotels and Four Seasons will manage them. The Bombay and Bangalore units will cost C\$235m (US\$176m). Robert Gibbens, Montreal

Electrolux plans Brazilian shake-up

By Hugh Carnegy

Electrolux, the household ing into Refripar earlier this Netscape Communication's products as an indivisible to challenge Netscape's domning to consolidate its Brazilian operations by merging its subsidiaries with Refripar, the country's second largest white goods manufacturer, which is controlled by the Swedish group.

Electrolux said it was con-Refripar control of its local operations, together with Oberdorfer, also in the Brazil market and recently acquired by Electrolux.

per cent of the voting rights

in Refripar. Electrolux spent \$50m buyyear in an effort to step up its operations in Brazil where Whiripool of the US, its biggest worldwide rival. is market leader, through its local affiliate Brasmotor. Mr Lennart Ribohn, senior

executive vice-president at Electrolux, said the proposed aldering transferring to merger would rationalise operations, increase efficiencies and atrengthen the three companies' position in the market. Refripar, with cquired by Electrolux.
In return, Electrolux \$600m, has a market share in would receive a higger share refrigerators of between of Refripar's capital than the 35-50 per cent and about 20 35 per cent it acquired ear- per cent in washing lier this year - along with 98 machines in Brazil.

Alliance puts pressure on Netscape

By Nicholas Denton

Microsoft, the leading software company, is set to make further inroads into clients to take Microsoft with companies such as BT, dominance of the market for Internet software, after unveiling yesterday an alli-ance with British Telecommunications and MCI.

BT and MCI, which are proposing to merge, have agreed to promote Microsoft software when setting up corporate intranets - the faat-spreading internal computer networks based standards.

Alongside the telecommunications connections essential for corporate intranets BT and MCl will provide Microsoft products such as

viewing the World Wide Web, the Internet's graphic interface.

nications pair will not force charge, and through deals up intranets. package, the deal will give inance of the corporate scribers to its Internet Microsoft an advantage in selling its software to the large international companies which use BT and MCI. The arrangement is partic-

ularly useful to Microsoft in the UK, where intranets are not as well established as they are in the US. more than half of internet market.

series of other Microsoft marketing alliances, reinforces the Seattle-based software company's effort to turn its dominance in operating systems for personal computers into leadership in the emerging area of Internet software.

spread its Explorer browser among individuals hy Although the telecommu- distributing it without market.

The two companies are fighting for an intranet market which is expected to be worth only about \$2bn this year, but is forecast to expand tenfold by 1999, when it will account for more than half of the total

The deal accentuates the division of telecommunications companies into two camps around Netscape, which floated last year, and Microsoft.

MCI formed a broad alliance with Microsoft in January this year and extended One.

. Microsoft is seeking to that partnership in May to spread its Explorer browser provide combined software and communications capacity to US companies setting In August, BT began to

encourage individual subaccess service to use Microsoft's Explorer software. rather than Netscape'a Navigator browser.

In the US, AT&T, BT's main international rival and MCI's main domestic rival, has also promoted Microsoft in its rapidly expanding Internet access service.

The third large international alliance, Global One. appears increasingly inclined towards Netscape. Netscape has entered separate agreements with Sprint and France Telécom, two of the three partners in Global



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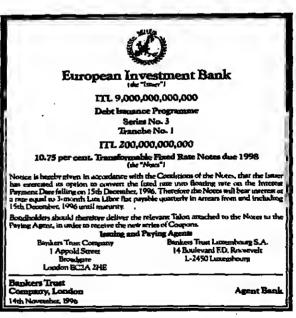
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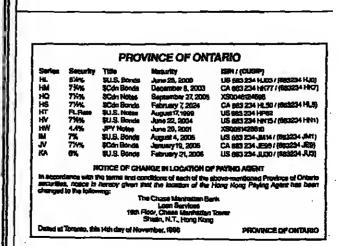
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COMPANIES AND FINANCE: UK

BZW re-jigs London forex

The London forcign exchange operations of BZW, the investment hank of Barclays, and Nations-Bank, are being restructured in the latest sign of turmoil in the industry.

Seven currencies traders have been released and two leading foreign exchange executives have resigned from BZW, the investment bank. In addition, Nations. tha US bank, said yesterday it was reducing staff num-bers in its London currencies operations by 20 and was continuing to consolidate functions in Chicago. Its currencies activities in London were "aligned with current NationsBank client

activity" Both shake-ups are symptomatic of the recent poor performance of the currencies industry and the resulting changes.

Mr Alex von Ungern Sternberg, bead of treasury products, and his appointed Mr Peter Moeritz, head of foreign exchange trading for the UK and Europe, resigned from BZW, Both were recent arrivals from Dantsche

Mr Robert Diamond, head of global markets, told staff in an internal memo that after restructuring "tha role for Alex going forward was substantially parrower than the position for which be was initially recruited in July last year". It is thought fliat Mr Diamond bad taken over some of Mr Von Ungern Sternberg's responsibilities.

BZW said yesterday that it bad reviewed its global markets business but was "not pulling out of any areas of business". The bank is thought to be the 10th largest in the world in terms of

foreign exchange turnover. Mr Paul Thrush, a 20-year veteran of the currencies business, is moving from Nations to become BZW's bead of global foreign

With low volatility in the main exchange rates, and screen-based systems taking over much market making work, most major banks are thought to bave had a poor year in their currencies

Traders are particularly under threat, as most banks are trying to shift into higher margin sales and risk analysis. In recent weeks HSBC

Markets has closed down its forelgn exchange market making operations in New York and Bank of America has released 30 employees. saying that "a good propor tion were from foreign exchange, and they were mainly traders". Bank of America said yesterday: We were adjusting to reflect structural changes in

Simon Holberton analyses the regulatory issues involved in the Dominion bid

r Thomas Capps, chairman and chief executive of Dominion Resources, the US bid for East Midlands Electricity, was in little doubt about the regulatory issues involved in the transaction.

"We see no reason for it", he said, in a response to a question about a possible referral to the Monopolies and Mergers Commission. To this was added the view of Mr Norman Askew. East Midlands' chief execu-

tive, who agreed the deal in a 11/4-hour negotiation on Tuesday evening: "There is no issue of competition here," he said.

These emollient words were, however, lost on inves-

East Midlands' share price rose only 11%p to close at 6221/4p in response to the announcement of the agreed 670p a share offer. The share price of Northern Electric tha other bld target in the sector, which faces an offer from CalEnergy of the US actually fell, 15p to 593½p.

The fear gripping the mar-ket is that Mr Ian Lang, the trade and industry secretary. will refer one or both bids to the MMC. In the words of one seasoned sector analyst: "The market has the heebie-

"There is a big risk," said another. "If they get referred to the MMC, share prices will fall a long way."

There is nothing, however, to distinguish the Northern or the East Midlands bids

Trying to switch off utility which yestarday unveiled an agreed £1.3bn investors' worries investors' worries

Regional electricity companies

		1.0
Successfu	l bids	
Rec	Bidder	Price
		(EZbn)
Eddari -	A CONTRACTOR OF THE PARTY OF TH	2.5
Norweb	North West Weter	1:8
Micheric	Avon (GPU/Chargo) (US)	A CALL
Milmireb	Central & South West (US) Scottish Power	
Sweb	Southern Co (US)	1.1
Symbo	The state of the s	AC 09
Current b	ids	•
East Midland		1.3
	Collingray (US)	
Demoining	Ladamandonia	

mounted for regional electricity companies by US ership structure transparent predators and approved by Mr Lang and his predeces-

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Landels

In all previous cases, Prof general of Offer, the industry regulator, was able to satisfy himself that the foreign owners of the recs were able to live up to their licence obligations.

This entailed 'ring fenc-Offer official explained yesfrom tha three previous bids terday that this was

"designed to make the ownfor us and to make sure that the bidder doesn't milk the company dry".

Offer will be submitting Its Stephen Littlechild, director advice about CalEnergy's bid to the Office of Fair Trading tomorrow. The OFT will then pass on Offer's view, along with its own, to Mr Lang. When Mr Littlechild met

CalEnergy he took an intering" the regulated parts of est in bow tha company, tha recs' businesses. One which is highly leveraged, planned to fit Northern into its structure. Califnergy was ators" - the yardsticks by overseas takeovers".

confident that it allayed any latent concerns by the regulator about its financial

There is nothing in the past recommendations of Offer or the OFT to suggest they will raise objections to CalEnergy'e bid. In the past they have only argued for an MMC reference when a bid posed issues of competition and industry structure.

This was the case with Scottish Power's hid for Manweb and with the bids by two generators: Power-Gen for Midlands Electricity and National Powar for Southern Electric. In the case of Scottish Power, Mr Lang ignored official advice and approved the bid; with the generators he again lgnored advice and denied the bids on competition

Dominion Resources' case for approval is even stronger than CalEnergy's. There do not appear to be any questions about its ability to finance its bid for East Midlands.

However, like CalEnergy's bid for Northern, the East Midlands bid is financiallydriven: both targets throw off far more cash than the interest needed to service the debt to acquire them. Another issue concerning investors is that of "compar-

which regulators compare companies within their sector. In the spring, Mr Littlechild told City analysts that he need to have a number of quoted companies to properly make comparisons though he did not spell out the precise figure.

He needs a representative number quoted to snable him, through their share price data, to make calculations of cost of capital. If the two bids succeed, there will remain only three quoted recs, which may be bumping up against his limit.

Against this, however, Mr Littlechild this week told the Commons public accounts committee that there was a good deal of agreement between regulators about the cost of capital for utili-

Mr Ian Byatt, the water industry regulator, has argued against borizontal mergers in the water sector as this would deprive him of comparators when trying to assess efficiency. However, two electricity bids involve only a change of ownership rather than an industry rationalisation.

The prospect of nearly half the reca being owned by American companies has led to speculation that the Government might refer tha bids. But this is unlikely to weigh heavily on Mr Lang, and he is under no pressure from the Labour party on this score. As Mr John battle. Labour's shadow energy and industry spokesman observed: "Labour has no opposition in principle to

LEX COMMENT

Land Securities

By its usual glum standards, Land Securities Land Securities sounds remarkably chipper. The UK's largest proparty company talks of increased rental demand. and expects more to come. And since rental yields on property continua to exceed gilt yields because property values bave fallen even more than rents, the knock-on effects could be exciting. The problem is that Land Securities investors are

Share price relative to the FTSE All-Share Index 110 unlikely to get much bene-1990 91 42 93 94 fit. The shares already

trada at their estimated year-end net asset value, in a sector where 15 per cent discounts have been the traditional norm. Dividend growth will be sluggish because cover is tight, at 1.2 times this year. And income growth is constrained by the number of properties where rents exceed the market rate. Moreover, as leases get shorter, office blocks have to be substantially refurbished more frequently. There is little evidence of a reward for this increased business cost. In this harsh environment, nimble niche companies will fare better than lumbering giants. Of course, in the unlikely event that the budget introduces tax breaks for property investment trusts, this could fuel institutional demand for property. However, it would also encourage property sales from institutions which cannot cope with the increasingly active nature of property investment. Besides, tax-efficient property trusts would have an immediate advantage over the traditional property company, making them a bittersweet proposition.

Hambros to retain capital for expansion

By John Gapper, **Banking Editor**

Hambros, the UK merchant banking group, intends to defy a call to hand capital back to its shareholders because it want to be free to expand asset management and other operations, senior directors said yes-

terday. Sir Chips Keswick, Hambros' chief executive, said the bank wanted to retain its strong capital base so that It could buy a small fund management firm, or expand in other ways, if a suitable opportunity emerged in the future. Str Chips, who is to become the

spoke as the bank disclosed a recovery in pre-tax profits in the six months to September 30 to £35m. compared with a loss of £7.7m.

"We want to use our capital in an entrepreneurial way. The less capital you have, the less entrepreneurial you can be," Sir Chips said. He emphasised that any acquisition in asset management was likely to be on a modest scale.

Hambros's strategy has been heavily criticised by Regent Pacific Fund Management, a Hong Kongbased investment fund which bas called for the business to be broken up, and for capital to be returned to

first non-family chairman next year . The interim dividend is mainwhen Lord Hambro steps down, tained at 25p, as earnings per share £20.4m (£13.2m).

increased to 7.2p (10.9p loss). Profits were boosted by a fall in bad and doubtful debt provisions to 25.9m from £23.5m in the same period last

(£202m), with staff numbers in the banking group having fallen from 2,000 to 1,600 over the past 18 months. Up to a further 100 staff are expec-

ted to leave, giving annualised cost savings of £5m. The strongest performance came

from the bank's investment group, which realised profits from investments including the Thorn Security buy-out from Thorn EML Investment group profits before tax rose to

Hambros has implemented a restructuring in its banking arm since dipping into loss, and has reduced unstructured lending and some

Mr Michael Sorkin, deputy chairman, said that it wanted to expand in fund management, and might follow its strategy in Australia and Canada of joint ventures. However, he said it would ideally seek a larger

strategic move. Lord Hambro said that the group was "regaining momentum although profits in the investment group in the second half were unlikely to match the first. Its shares closed 7½p down at 245p.

Monarch Resources, the London and Toronto quoted company that is the biggest private gold producer in Venezuela, report record net income for the third quarter and types of derivatives trading. These belped banking group profits to rise Expenses were held at £203m nine months to September 30 of \$702,000 and \$1.06m to £4.1m (£7.6m loss). respectively. This compared with net losses of \$1.852m

and \$4.791m, respectively. La Camorra mine produced 15,804 and 41,925 troy gamees of gold for the three and nine months periods respectively at cash production costs of \$225 and \$236 an ounce respectively. Monarch said La Camorra's output should exceed 50,000 ounces this year. Gold output from the Revemin mill fell from 14,615 to

NEWS DIGEST

La Camorra

lifts Monarch

Record gold productioo from its La Camorra mine helped

9,274 ounces in the nine months.
El Callao Mining cancelled its contract to supply Revemin on October 3 but Monarch insists there was no valid basis for the termination. Revenuin has initiated a review of other potential long-term feed supply sources. Kenneth Gooding

Morgan Crucible in US buy

Morgan Crucible, the engineering and speciality materials group, yesterday said it had acquired EM Corporation, part of Great Lakes Chemical Corporation, for \$26.8m ash. EM, a manufacturer and supplier of lubricants used mainly in the aerospace industry, made pre-tax profits of \$4m last year on sales of \$29.7m. Net assets acquired were \$10.4m. Mr Grabam Swetman, finance director, said this was the third sizeable acquisition this year. "Gearing will rise only slightly," he said.

The US market already provides half Morgan Crucible's profits and half lts overseas sales.

Wates City £11.6m disposal

Wates City of London Properties yesterday sold its interest in 84/94 Queen Victoria St, EC4, to Crédit Lyonnais for

Eurostar advance helps **Eurotunnel lift sales 70%**

tunnel operator, raised third quarter revenues by 70 per cent, generating £138.4m (\$228m) of sales in the three months to September 30. On the back of high

freight traffic and strong growth in passenger numbers on Enrostar, the walk-on service run by London & Continental Railways, the group raised sales in the nine months to September 30 from £185.8m to £362.1m.

Yr to Aug 31 34.4 Yr to Aug 31 258.6 B mths to Sept 30

. 8 mitrs to Sept 30
. 8 mitrs to Sept 30 201.184,
8 mitrs to June 30 14.7
6 mitrs to Sept 30 85.5
9 mitrs to Sept 30 568.5
8 mitrs to Sept 28 38.1

_ Yr to Sept 30 165.1 _ Yr to Sept 30 69.2

Yr to Sept 30 69.2 (65.2) 0 mms to Oct 31 - (-) — Yr to Sept 30 170.59 (152.83)

(15.1) (89.5) (544.3) (37.5)

(142.8)

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ∑Pro lorma.

Companyatives restated. □ Premium income. 10n increased capital. ФAlm stock. ★Foreign income dividend.

MAY (p)

0.265L 0.32 88.2 2.48

1.53 0.389 2.79 14.6

in the services were increas-ing as the trains had become more reliable and travellers Eurotunnel, the Channel were making repeat jour-

Analysts said the figures were in line with expectations and would put the group on track to deliver annual turnover of £470m for the year, up from £299m in 1995. Last year the group made losses of £925m, one of the largest deficits in UK corporate history. This year analysts forecast the group will make losses of about

The company was also on course to meet the revenue targets set out in its complicated plan to restructure its £9.1bn bank debt, announced last month.

The package of measures,

which took more than a year to negotiate and saved the group from bankruptcy. include convertible bonds and equity warrants. An initial debt-for-equity swap will dilute shareholders' interest in the company to 54.5 per cent, although other m sures could reduce their

Lasmo plans 12% rise

Lasmo became the London stock market's best performer yesterday after the UK's second largest independent oil explorer made a five-year production forecast for the first time.

The shares rose 9%p, or 5 per cent, to close at 211p after Mr Joe Darby, chief executive, said the company was confident of achieving a 12 per cent production increasa next year to

tion to be maintained until 2001, be added. The forecast took no account of further discoveries or new busine

Existing fields and discov

eries under appraisal would

enable this level of produc-

Production in the first balf of this year rose slightly to 172,000 barrels a day. Ontput would have been higher but the group encountered problems in its Liverpool Bay field.

margins and limited volatil-The group said confidence stake even further. Part No. 10 Parts of Land Securities finds rise in demand Prodestate £118.2m to £115.5m. Net **Property Correspondent** performed this year, as interest charges increased £80m acquiring investment properties, including the 360,000 sq ft Team Valley investors bave anticipated from £68.2m to £73.1m. reflecting speoding on its growth in rents and property Land Securities, the largest UK property company, with assets in excess of £5bn, has values after the property £400m development proretail park, south of Newcasmarket crash of the aarly 1990s. Sir Peter identified gramme. Land Securities is tle upon Tyne. Disposals raised £160m. unusual among large propidentified a clear improverental growth in out-of-town erty companies in charging The largest deal was the sale ment in demand for commershopping centres, well located high street stores in all its debt service costs against profits rather than for £120m of a large office building at 33 Grosvenor cial property from both occupiers and investors. Sir Peter Hunt, chairman, capitalising interest against big towns, and modern Place, central London. Disposal proceeds have been used to repay debensaid: "Whilst patchy, there developments. "It is nothing like the growth of the 1980s," he cau-The company spent £78.8m are signs of rental growth in on developments in the tures and bank facilities. selected sectors of the marperiod and expects developket, with the anticipation of Early termination of interest ment expenditure to peak at His comments came as rate swap arrangements will more to come. Following these positive Land Securities reported a 9 more than £80m in the seclead to a £7m charge in the second half. Earnings per comments from the bellper cent rise in pre-tax prof- ond half. Its largest single project is the White Rose Shopping lts to £128.8m in the six share advanced from 16.49p wether of the property secto 18.44p. Adjusted for capimonths to September, helped tor, the shares rose 714p to Centre near Leeds, which by a £13.4m gain on sales of tal items, earnings declined 726p, although most analysts will be one of the largest outinvestment properties. Revenue profit, excluding to 16.17p. The interim divileft forecasts for year-end of-town shopping complexes dend is 7.35p, an increase of one-off items, declined from in the country. 3.5 per cent. RESULTS (85.3) 5.04 (17.3) 0.652 (17.1) 2.96 (6.356CI) 457 (30.8) 12.54 (-) 35 (198.4m) 128.99 (45.1) 0.865 3.47 0.5 0.9 (4.22) (1.28) (2.53) (441) (2.04) (13.1) (7.7L.) (118.1) (0.3461) (5.16) (7.5.3) (2.57) 2.93 0.5 4.35 1.3 _____ Yr to Aug 31 6 miths to Sept 28 92.4 16.3 10.2 0.78 12.02 42.5† 15† 5.59† 7.2 18.44 1L 15.2 13.2 12.85

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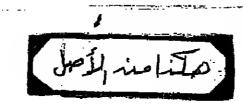
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3.1 0.5 9.56 5.3 7.1

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INTERNATIONAL CAPITAL MARKETS

Italy, Spain defy expectations of correction Japanese take a

likely to remain so".

such as Italy and Spain -

Analysts predicted market

eentiment would remain

gloomy in the short term, at

least until next week's 1997

Economists expect today's release of retail price date to

confirm that UK consumer

budget announcement.

GOVERNMENT BONDS

By Richard Lapper and Samer iskander in London and Lisa Bransten

Italien and Spenisb government bond markets yestarday mede further gains, defying expectations that they were due for a correction after their strong

recent performance. By contrast, UK government bonds, which are considered to be undervalued by many analysts, lost ground, with the 10-year benchmark gilt price falling by nearly three-quarters of a percent-

By the close, Italian bonds were yielding 16 basis points

Falls in the US Treasury weakness in tha European

noon, with most futures contracts closing below the

On Liffe the December BTP future settled at 126.62, up 0.34, while in the cash market Italian 10-year bonds gained nearly balf a point. The 10-year yield apread over Germany fell by 6 basis points to 183 points. Shortdated paper also surged ahead, with the December 1997 eurolira contract up 0.10

Traders said reports that Italian vields are now lower than the government's own expectations had belped boost prices ahead of today's parliamentary vote on the

Italy's 1997 budget. Buying, especially by Italian institutions, more than offset trades placed by a number of proprietary dealmarket fed through into ers. These were designed to take advantage of expected

reversal of the Italian/UK 10year yield spread. "The Italian market seems

to be defying gravity," said Mr Julian Jessop, chief Euro-pean economist at Nikko Europe. "This is the market that forgot fundamentals." Mr Devid Brown, chief European economist at Bear Stearns International, however, argues that the conver-

gence wave is still building up steam, "Indeed, given the prospect of the lira going into the Exchange Rate Mechanism either this weekend or the weekend after, we could easily be on top of the 150 basis point spread [of the 10-year Italian yield over ermany] before the month of November is out."

Spanish and Swedish bonds also made gains, with the 10-year yield spreads over Germany narrowing by 6 and 4 basis points respecmarkets in the late after. UK outperformance and a tively to 153 and 140 points.

UK gilt markets fell on On Liffe, the December news of stronger than expec-ted labour market data. Mr long gilt settled at 108%, %. Short sterling was Jesson said "the figures had also badly hit with the Sepgone down like a lead haltember 1997 contract down loon. The momentum was 0.16 to 92.67. against the UK." Mr Andrew The German and French

Roberts, an analyst at UBS markets closed more or less in London, said "gilte have become friendless and are unchanged. The December 10-year bund contract lost 0.04 to settle at 100.67, while He said gilts' cheapening the 10-year notional gained compared with Europe's 0.02 to settle et 127.42 high-yielding markets -Profit-taking on the heels of this week'a gains sent US was due to "a re-rating of economic fundamentals".

Treasury prices lower in

early trading. Near midday, the benchmark 30-year Treasury was weaker at 100% to yield 6.472 per cent, while at the short end the two-year note lost & to 100%, yielding 5.720 per cent. The December 30. year bond future fell 4 to

prices were growing at a faster rate than Italian prices Economic deta released for the first time in more yesterday was neutral for Katz, e senior the market. The producer Merrill Lynch.

price index rose by a stronger than expected 0.4 per cent in October, but most of the gain was due to a sharp increase in energy prices.

Core PPI, which excludes the volatile food and energy components, fell by 0.3 per cent, supporting the belief of most economists that inflation remains in check.

Few on Wall Street expected the Federal Reserve's Open Market Committee policy-making body to change monetary policy, and later in the day they were proved

Yesterday's inflation figures bad eopported their assumptions. With inflationary pressures remaining benign, the Federal Reserve will clearly remain on hold for the rest of this year and most likely through the first half of 1997," said Ms Cheryl Katz, e senior economist et

bullish view on JGB outlook

anticipating sharp fall in Japanese government bond prices and a concomitant rise in yields in the next few months, according to Nikko Europe, the European arm of the Japanese securities house.

But Japanese institutional investors are more optimis-- et least judging by their presentations at a seminar held earlier this week. In the Nikko survey, only four of the 50 Anglo-Saxon investors said they expected 10-year bond yields over the next six months to stay below 2.85 per cent (yields closed yesterday at 2.65 per cent), while more than a quarter of respondenta expected yields to rise to

Asked to rank the potential performance over six months of the G5 markets (Germany, US, UK, France and Japan) a large majority said they expected Japan to perform worst.

more than 3.45 per cent.

Some 88 per cent were underweight relative to their benchmarks in yen currency assets, with 62 per cent expecting the yen/dollar rate to be above Y114 in six

Japanese investors and analysts et tha seminar expected more modest rises in yields and on the whole took a less bearish stance. Mr Shinichi Aizawa, of Dai-Ichi Mutual Life Insurance, said yields could range between 2.3 per cent and 3 per cent, probably moving above 3 per cent next year. However, he said strong demand from Japanese insti-

tutions - including the fusen set up to manage distressed housing loans - could keep rates relatively low.

any US and UK ital from two jusen will flow fund managers are into the market in coming months

Analysts also said a rise in consumption tax and e fall in public sector investment would keep the economy very weak.

Mr Kazutoshi Nakata, of Nikko in Tokyo, thought the yield on the benchmark No 182 could fall as low as 2.20 per cent, while Ms Mariko Tsugane, of Yasuda Trust and Banking Co, said her institution aimed to "sell into strength and consider buying [10-year bonds] et 2.8 per cent to 3 per cent.

Mr Nakata said that, with the bleak economic outlook and the dangerous position of financial institutions and property businesses, the Bank of Japan was likely to be forced to maintain an easy monetary policy and to secure sufficient liquidity in the market through bond purchase operations.

Japanese bond yields have fallen since the weaker than expected August Tankan survey of the short-term economic outlook, which in effect quashed speculation about a rise in short-term interest rates from their current 0.5 per cent, and Japan's city and regional banks were heavy buyers of

Mr Nakata said other factors had contributed to the bullish outlook. Some Y10,000bn of JGBs are due to be redeemed this year. The Bank of Japan and the Trust Fund Bureau, a Ministry of Finance body which invests public sector funds, is expected to buy a further Y6,000bn of bonds. In addition, Japan'a big banks are now underweight in their JGB

Richard Lapper

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Demand for high yields drives sterling issuance

INTERNATIONAL BONDS

The flow of sterlingdenominated bonds continued unabated yesterday, driven by demand from investors keen to lock in some of the highest yields in

Syndicate officials said continental European investors are mainly attracted by the appreciating currency, and tend to prefer shorter maturities, while UK institutional investors concentrated on the longer end of the yield curve to lock in high levels of absolute yield.

However, the steady flow of new issues in recent weeks has satisfied part of the existing demand and market participants expect a ager, to second place in the

There are not that many deals around, especially with

the Christmas Iuli epproaching", one official said. In this environment, Merrill Lynch launched a selfled deal consisting of £250m of 18-month paper.

"This part of the yield curve offers value," a Merrill official said, "Because the curve is ateep, the [yield] pick-up over Libor is substantial." Merrill also said the bonds appealed to money market funds, corporate

treasurers and banks. The European Investment Bank also tapped the sterling sector, adding a £100m tranche to an existing £600m issue. One banker in London said this deal had propelled HSBC Markets, its lead maneurosterling league tables,

Elsewhere, the dollar sector saw three small deals. including a debut issue by the Bank of Taiwan. Lead manager Goldman Sache seid placement had been helped by extensive pre-marketing among banks and fund managers in Europe. Paribas was lead manager of the two other issues in the sector, both short-term deals

aimed et retail investors

from Germany, Switzerland

and the Benelux region. "The GMAC bonds Irated A3 and A- by Moody's and S&P] offered a good chance to diversify," said an official at Paribas, adding that this sector was dominated by issuers from the banking sector with high ratings and tight yield spreads.

Borrower	August	Coupon	Price	Maketty	Feet,	Spread	Book-runner
		.7. 6.		3.		bp	CTRAVATOR
Bank of Talward; GMAC Intl Finance(i) LB Schleswig-Holstein(s)	200 200	(a) 6,375 6.00	99.793R 100.10R 99.98R	Jan 2001 Jun 2000	0.20R 0.275R 0.225R	+32m +100	Goldman Sachs Intil Paribas Capital Market Paribas Capital Market
E O-MAPICS	4 (? ~~			100		1. 1. 1. 1. 1.	1 1 1 1 1 1 1 1 1
World Bank Oest Kommunalkradit E STERLING	500 100	4.625 4.825	99.415F 102.025		0.25R 2.16	+16(5% May01	Deutsche/UBS/WestLB DGZ
Merrill Lynch & Co(s) Europeen Inv Bank(b)	250 100	7.125 7.825	99.856R 100.552	May 1998 Dec 2006		+32(714 %-98)	Merrill Lynch Inti HSBC Mariests
FRENCH FRANCE							
Eurobract Jahman Brothers Hidgs(d)	1 <i>bn</i> 700	(c) 5.375	100.00R 102.05R	Dec 2006 Jul 1999	0.325R 0.30R	+480)	Société Générale Lehmen/SocGen
I ITALIAN URE						1.0	1.4.
Dest Postsparkage	300bn	7.50	101,29	Dec 2006	2.00		ENL/Carible
World Bank(s) Crediop Oversees Bank(i);	200bn 200bn	zero (f1)	49,525 100.20	Dec 2006 Dec 2001	1.875 0.30	:	BCI/JP Morgen San Peolo, Turin
inal terms, non-callable unles loating-rate note. R; fixed re- ays accrued. c) Tec-10 -140 unched \$/11/98 was increas 500bn. ft) 6-mth Libor fat. t	offer price; bp; min 4 ed to L100	fees sho 1%%, ma Ohn, Call	with alt re-construction of the construction o	offer fevel, a f) Fungible 12/01 at 68.) 6-mth (with FFr .05%, f) (Jidor + 1,96, b) F 500m. Plus 16 L300bn launcha	Fungible with 6600m, Pil 1 days accrued, e) LBC Id 7/11/98 was increase

total of five lead managers busy by issuing bonds in two different sectors. One was a re-opening of an existing 10-year zero-coupon deal in Italian lire. The second -DM500m of five-year bonds -

The World Bank kept a group of joint lead manager throughout Germany, Swit-otal of five lead managers ers: Deutsche Morgan Gren-zerland and the Benelux fell, UBS and WestLB. "The bonds were tightly priced," Deutsche admitted.

countries. Although roughly half the amount was placed yesterday, Deutsche said it could "But the World Bank is a popular retail name and the take "two or three weeks issuing group has a wide

before all the bonds filter was launched by a small network of retail outlets through to final investors." Some Y1,700bn of new cap-

	COM	Chat	HENT F	OND				= Ripur	HITTER	S OPTIONS	s /Lucian	DM250 000	nointe of	100%	
BENCHMARI	K GOT	Red	MENT C	Day's		Week	Month	Strike			113	J	po-la o	PUTS -	
	Coupon	Dute	Price	change	Yield	ago	ego	Price	Dec	Jan		Mar Do	ac Jar		Me
Australia .	6,750	11/06	97,6370	+0.700	7,08	7,27	7.64	10050	0.38			1.66 0.2			
Austria	5.875	07/06	99.3600	+0.010	5.96	6.04	5.98	10100	0.14		0.36	.51 0.4			1.83
Belgium	7,000	05/06	106.8800	+0.060	6,03	6.06	6.14	10150	0.04			1.37 0.8			2.19
Canada " Denmark	7,000 8,000	12/06	106,0500	+0.140	6.19	6,21 6,87	6.98	Est. Vol. to	Mal, Calls 2	9565 Puta 25	1906. Provid	ore pale, a ob	eu auch com	8 208918 F	Pubs 2169
France BTAN	5,500	70/01	102,7861	70,110	4,87	4.86	5.12	Italy							
DAT	6.500	10/06	104,6200	-0.040	5.88	5.90	6.06								
Germany Bund	6.250	04/06	102,6900	-0.030	5.87	5.93	6.02			LIAN GOVE		(HIP) FUL	UHES		
reland	8,500	08/06	107.7000	-0.220	6.89	6.93	6.88 8.20	(0111	_						
haly Japan No 140	6.600	02/06	111,8500 122,1708	+0.450	7.697	7.88 1.37	1.72		Open	Sett price		-	Low	Est vol	
No 182	3.000	09/05	102,5692	+0.480	2.65	2.44	2.79	Dec	126,47	126,62	+0.34	126.70	126.43	58116	9664
Vetherlands	6.500	06/06	119.1900	+0.920	5.64	5.85	5.94	Mar	125.80	125.79	+0.31	125.85	126,68	945	518
Portugal	9.500	02/06	114.6000	+0.210	7.28	7.43	7.69	M ITALIAN	BOYT, BO	MD (BIB) H	JTURES OF	PTIONS (LIF	E) Lhs200m	100ths of	100%
Spain	8.800	04/06	109.1600	+0.330	7.39	7.62	7.82	Strike		CA	LLS			PUTS -	
Sweden	6,000	02/05	92.2157	+0.230	7.27	7.29	7.20	Price		Dec	Ma	r	Dec		Mar
K Glts	8.000 7.500	12/00	102-16 98-20	-11/32 -21/32	7.26 7.70	7.13 7.62	6.61 7.49	12650		0.76	1.77		0.64		2.48
	9.000	10/08	109-13	-18/32	7.78	7.74	7.63	12700		0.52	1.58		0.90		2.76
JS Treesury "	8.500	10/06	102-04	+1/32	6.21	6.27	6.58	12750		0.34	1.96		1.22		3.07
	6.500	11/26	100-18	+7/32	B.46	6,58	6.65		tol. Calls 79	M2 Puts 267	9. Previous	day's open	Int., Calis S	208700 Put	s 189586
CU (French Govr)	7.000	04/06	104.9000	-	6.29	6.30	6.35								
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	2004#	710	7.58	956	-4	97.		Conv 31-sec '61 Aft.		5.77	_	6033	-2	62%		Manchester 11/200			2212	1242	11
on a spe	2005	8.54	767	1114	-6	1343	106,	Totals Soc 168 Aft		4.06		37.3		364	34.6	Med. Wir. 3pc B	3	75 685	80,	80	72
		9 18	7 57 1	126121			123;1				_					N'made Anglia 3/2p	c 2021.	- 4.30 1	IQ	144/4	13
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een 12 29	c 2003–5 : 200541	6.06 7.50		105% 9833		198世 101弘	101% 94(2	Trees. 21/290		8.07		3023		32.6		Utal Mick States 161 ₂₁		72	126	1364	1 30 5 12

	e Indices Ques	Wed Nov 13	Day's change %	Tue Nov 12	Accrued	xd adj.		Nov 13	Nov 12	Yc. Boo	Nov 13	Mov 12	n yleid • Yr. ago	High Nov 13	Nov 12	Yr. a
_	Jp to 5 years (21)	120,35	-0.27	120.83	1,95	6.90	5 yra	7,32	7.23	7,30	7.39	7.30	7.31	7.42	7.34	7.3
	-15 years (16)	148.90	-0.40	149,50	3,44	9.29	15 yrs	7,87	7.81	7.94	7.86	7.80	7.99	7.88	7.82	6.0
	Over 15 years (8)	166,59	-0,51	167,45	4.20	9.83	20 yrs	7.94	7.90	6.00	7.92	7.87	6.03	7.95	7.89	6.08
	redeemables (8)	191.98	-0.52	192.67	5.20	6.83	bred.†	8.00	7.96	6.08						
5 A	VI stocks (53)	143.22	-0.35	143.82	3.01	6.38										
hade	ex-Makend								Metion 5		٠,		Intion 10 Nov 12	Yr. Spr	,	
-	Ip to 5 years (2)	202,38	-0.12	202.62	0.69	5.26	Up to 5 yrs					2.63				
	iver 5 years (10)	193.16	-0.26	193.72	1.08	4.71	Over 5 yes	3.8				3.43				
	is stocks (12)	193.10	-0.26	193.61	1.04	4.89								• • • • • • • • • • • • • • • • • • • •		
Aver	age gross redemption	yields are si	hours above. (Coupon Ban	de: Low: 096	74%; Ma	Auric 874-10%	%; High:	1196 and	over, † FA	st yleid.	yet Your a	dete.			
FT	Fixed Interes	t Indice	5				Gilt	Edge	d Acti	vity in	dices					
٠.			Nov 11 No	W B Nov	7 Yr ago 1	High" Lo						Nov 11	Nov E	No.	v 7	Nov E
Gov	t. Secs. (UN) 93.	88 93.84	83.73 83	.74 83.36	94.33	6.34 81	.59 GHt 1	Edged .b	argains	111	1.7	92.5	104.0	12	.3	133.1
			115.98 115	57 115.20	112.82 1	B.45 110	.74 5-day	y averag	10	112	2.5	116.6	124.1	123	3.4	118.8

ONAL SPA	NISH BON	D FUTURI	ES (MEFF)														
Open	Sett price		High	Low	Est. vol.	Open Int.											
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109.10	100,10	+4.08	10423	149.00	394	140-04	Listed are the latest interredional box	ids for t	which th	ere is an	ade	cquate secondary market. Latest prior	14 st 7	10 pm	n Nove	nber 13	
NAL UK	GILT FUTU	RES (LIFF	E)" £50,00	32nds o	100%		beued	Bid	Offer	Chg Yiel	ki_	Instend	Bkr	Offer C	ng Yiek	Insued Bid (otion Chg Yield
Open	Sett price	Change	Hilgh	Low	Est. vol	Open int.	U.S. DOLLAR STRAIGHTS	****	*****	.I. e.		Spein 714 09 4000		108	5.5 5.7		00% -12 7.86
109-21	108-30	-0-20	109-22	108-24	67258 1110	142423 2652	Abbey Ned Treasury 612 03 1000 ABN Armo Blank 714 00 1000	1034	100% 103 ¹ 2	+4 63		Volksmagen lod Pin 7 00 1500 ' World Bank 57; 00 3000 '		106 ³ 2 102 ⁵ 8	5.4		945a -1a 9,68 991 ₂ -1a 7,18
108-26 GILT FUT	108-07 TURES OPT	-0-10 RONS (LIF				2042	African Dev 6k 71 23 500	10214	102%	H4 7.1		World Bank 61 02 3000			Hg 5.16		984 -2 7.87
-	CA	us			PUTS -		Alberta Province 75 98 1500 Asian Dev Bank 61 05 750	103 ¹ 9	9312	+4 64		World Benk 71 8 05 3000	108	108	5.8		017a →2 7.54 037a →2 8.20
Dec		-	for De			Mar	Austrie 8 ¹ 2 00 400 Baden-Wuerti L-Fin B ¹ s 00 1000	108 ⁵ 8 105 ¹ 2	102			SWISS FRANC STRAIGHTS Asian Dev Bank 0 18 500	39	3912	5.0	Hanson Trust 10 98 £ 550 109 ³ 2 1	0934 -12 8.48 1534 -14 8.17
1-10		-S4 1-	53 0-1- 21 0-3			1-39 2-07	Bancoment 7 ¹ 4 04 1500	86	863	-1 _{0.2}	27	Austria 412 00 1500	105%	105%	26		15% - 2 217 16% - 3 845
0-12	0-26	7-46 O-	60 1-1	8 2-12	2-32	2-48		102% 1054	1023s 1053s	44 6.1	93	Council Burupe 4 ³ 4 98	103 1045		나 23 나 25	Jupan Dev Sk 7 00 £ 200 991g	99 ¹ 2 -1 7.28 08 ¹ 4 -1 8.52
tal, Calls 4	660 Puts 140	7, Previous	citry's open	int., Calla S	56385 Puts	33001	Belgium 5 ¹ 2 03	9538	855g	6.3	34	BB 31, 99 1500 1	1031	10334	2.2	Ontento 111 01 E 100 11114	112 - 7.75
							British Gos 0 21 1500	1083 ₉	1064 164	Ha 75		EIB 514 04 800 1		1153g	4.4 2.9		037, 1, 5.11 083, 1, 7.60
OND FUT	URES (MA	TIF) ECU1	000,000				Canada 65 00 1500	89 ⁵ 8	993,	+lg 64	53	losland 7 2 00 100 '	11432	1144	3.4	Tokyo Blec Power 11 01 £ 150 11174 1	124 -12 7.78
Open	Sett price	Change	High	Low	Est. vol.	Open int.	Cheung Kong Fin 5 ¹ ₂ 98 500 Ching 9 ¹ ₂ 04 1500	95 97 ³ a	98%	+4 05 +4 75		Inter Amer Dev 4% 00 600 1 Ontatio 6% 03 400 1		106 ¹ 6 113 7 2	-Ա 3.7≀ -Ա 3.7∜		02 ⁵ 2 +4 7.76 00 ³ 2 7.73
94.62	94,60	+0.02	94.62	94.56	1.228	7,088 26	Creck Fonder 9/2 99	1071	10712	HE BE	03	Ouebec Hydro 5 08 108	1034	10312	4.6	Credit Local 6 01 FF7 8000 104 1	04% - 3 5.07
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							EB 8 04 500	964	99	62	21 1	World Bank 0 21 700	287	294	5.0		20-1 0.02
EASURY	BOND FUT	URES (CE	T) \$100,00	00 32nds o	of 100%			1037	103%	5.4 5.8		World Bank 7 01 600	115	1154	32	FLOATING RATE NOTES	Offer Case
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114-27	114-26	-0-03	115-02	114-20	277,183		Export Dev Corp 8 ¹ 2 98	105³t 61	1054	- 1g 55		Belgium 5 99		111½ 112%	⊩ել 1 <i>2</i> 3 Ի2 236	Bankamerica 1, 99	100.07 5.7500
114-12 113-31	114-14 113-31	-0-02 -0-01	114-20 114-02	114-07 113-26	11,482 2,555	38,875 10,425	Fed Home Loan 71 98 1500	103	10312	Hg 55	88	EB 65 00 100000 1	1174	1173g	1.34	Corpeta 4 99 2000 99.99 COCE 0 00 Ecu 200 99.82	99.75 5.2500 99.81 4.2578
							Finderel Natl Mort 7.40 04 1000 Finland 6% 97 3000	105%	108) 101)	+lg 5.4		En-Im Bank Jepan 4% 03 105000 1 Inter Amer Dev 74 00 30000 1			나 246 이 146	Commezbk O/S Fin -1 99 750 99.81	99.89 5,4062
							Ford Molor Credit 64 99 1500	100 ¹ 2	100%	5.9	22	italy 3 ¹ 2 01 300000 1	1073	10712	Pg 1,83	Credit Lyonneis & 00 300 98.13	96.56 5.9375 100.10 3.1602
	COTHS of 1		GOVT. E	KONED FUT	TURES		General Miles 0 13	25% 96%	254	8.4 5.8		finity 5 04 200003 1 Japan Dev Bk 5 99 100000 1			Pa 272 Pa 1.14	Fed Nat Mort -7, 00 1500 99,74	99.84 5,4492
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CURRENCIES AND MONEY

Pound rises on rate hike expectations

MARKETS REPORT By Simon Kuper

yesterday, as an unexpectedly hig decline in UK unemployment led traders to expect further base rate rises per cent. over the coming months.

on interest rates taken by 0.6 cents stronger against Mr Eddie George, governor the dollar at \$1.653. It was a Yesterday reaffirmed the of the Bank of England, in the biggest mover on what his meeting with Chancellor Kenneth Clarke on September 23. Minutes of the meeting were published yester-

Sterling had already risen strongly with the dollar in overnight trading on Tuesday, after Mr Hans Tietmeyer, the Bundeshank president, had said he welcomed a rise in the dollar. Growing expectations of UK interest rate rises were reflected in the short sterling futures markets. Three-month contracts for June 1997 fell another 15 basis points and

No tar

implied an expected base per cent, with another rate Y111.6. hike to follow soon after. There

the D-Mark at DM2.491 and front. called "the dullest day we've had for some time".

The dollar rose on Tuesit hardly moved yesterday on US producer price data that suggested a benign inflationary outlook after food and energy price rises

H Pour	ed in How Y	ork
Hey 13	····Lates	Press, close
E spot	1.6545	1.6460
१ क्राफ	1.6535	1.6449
3 mile	1.6509	1,6426
1 yr	1.6358	1.6288

now imply a LIBOR rate of had been stripped out. The more than 7 per cent. Money dollar closed in London 0.8 market strategists said this pfennigs higher egainst the D-Mark at DM1.507 and Y0.3 Sterling rose sharply rate for June of about 6.75 firmer against the yen at

There was little movement The present base rate is 6 in European monetary sys-The pound was also boosted by the hawkish tone on intersect the D-Mark at DM2 401 and tem exchange rates yester-day, with scant news emerging on the single currency tem exchange rates yester-

> one currency strategist leading currency likely to receive a boost from rising interest rates soon.

> In the US, the Federal day night because of Mr Open Markets Committee Tietmeyer's comments. But met expectations by not raismet expectations by not raising rates. In Germany, Mr Franz-Christoph Zeitler, Bundesbank council member, said that even though key German rates were at historic lows, they could still . have further to fall.

In the UK alone, an interest rate hike appears likely, particularly given yesterday's figures. The short sterling futures market expects



a surprising number of hikes fast. Mr Philip Shaw, chief economist at Union Discount in London, cautioned that the rates implied in the market are the three-month LIBOR rates - interbank borrowing rates - and that these can differ from expec-

ted base rates. Currently the LIBOR rates for specific months are higher than the implied base rates for those months,

because the market is more of next year, but it see uncertain than usual about bit strong to see 7 per the likely pace of base rate by the middle of next y moves, Mr Shaw said. But he said the market you sat market participate expected at least a 25 basis down and asked them point rise by next month, a is going to happen to

with yet another one expec- rent position." ted soon afterwards. This is surprising, as few economists at major banks ably volatile. Mr Tony expect two base rate rises field, currency strategis before the election. The short sterling futures market Amro in London, said: is often out of synchronisa- pound has an intraday i

economist at the National Australia Bank in London, said: "We can see 7 per cent base rates maybe by the end

Expt. Pp 44.4190 - 44.4738 26.8750 - 28.8550 Hangary 257.427 - 257.234 155.570 - 155.580 Hangary 4960.20 - 4688.40 3000.00 - 3000.00 November 0.4839 - 0.4844 0.2388 - 0.2385 Poland 4.5345 - 4.8417 2.8040 - 2.8070 Hasele 9059.00 - 9088.89 54810 0 5483.00 U.A.E. 6.0896 - 6.0730 3.8725 - 3.8725

SOTHER CURR

don't honestly think th further rise by March 1997, est rates you would ge and another hike by June, short sterling market's

Sterling remains remains tressury economist at tion with other markets, but of 2 or 3 pfennigs. It go this size of gap is unusual. and down like a yoyo."

Mr Robin Aspinall, chief may be because the p has recently reacted str to moves in the D-Mark dollar. But most curr analysts are bullish on ling, given its expected est rate support. Mr Asp said: "My target is Di for sterling."

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	Belakum		3	3	31/6	372	314	6.00	2.50	
ems a	week ago)	3	3		38	3%	8.00	2.50	-
r cent	France		33	322	35 35 31	31/2	3%	3,20	_	4.75
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hat if	Gennedy		31	2建	33	33	314	4.50	2.50	3,00
ipants	week ago	•	34	2발	316	34	35	4.50	2.50	3,00
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	Japan		72	*	36	3	16	_	0.50	-
st and	_ week ago	1	72	76	÷	33	23	-	0.50	-
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ongly	SDR Linked		-	37	34	311	315	-	-	-
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M2,53	Nov 13 Belgian Fran Canish Kron C-Mark	S 10 24 24 24	- 231 - 312 - 233	7 day notice 314 - 2 313 - 3 314 - 2	31 31 12 35 13 31	onth 3 - 3 - 3 ¹ 2 - 2 ¹ 3	Three months: 3½ - 3½ - 3½ 3½ - 3½	314 - 313 - 313 -	34 8 35 4 233 3	year 3 - 34 14 - 313 12 - 373
	Rov 13 Belgian Fran Canish Kron C-Mark Dutch Guilde	S 34 8 34 8 211	- 231 - 312 - 213	7 day notice 314 - 2 333 - 3 314 - 2 278 - 2	31 31 12 35 13 31 14 213	onth 3 - 3 - 3 ¹ ₂ - 2 ¹ ₁ - 2 ¹ ₁	Three months: 3/2 - 3/2 3/4 - 3/2 3/2 - 3/2 3/2 - 3/2 3 - 2/3	314 - 312 - 314 -	34 3 34 4 213 3	year 2 - 31 2 - 31 2 - 31 1 - 31
M2,53	Belgian Fran Canish Kron C-Mark Dutch Guide Franch Fran	S 34 9 34 8 21 8 8 9 3 9 3 9 3 9 3 9 3 9 3 9 3 9 3 9 3	- 281 - 312 - 281 - 281 - 281	7 day notice 314 - 2 313 - 3 314 - 2 278 - 2 314 - 3	31 31 31 31 31 31 31 31 31 31 31 31 31 3	onth 3 - 3 - 3 ¹ ₂ - 2 ¹ ₁ - 2 ¹ ₁ - 3 ¹ ₂	Three months 3½ - 3½ 3½ - 3½ 3½ - 3½ 3 - 3½ 3 - 3½	3/4 - 3/4 - 3/4 - 3/4 - 3/4 -	14. 3 34. 3 34. 4 213. 3 3.2 3	year 2 - 34 2 - 34 2 - 34 4 - 34 4 - 34
M2,53	Belgian Fran Danish Kron D-Mark Dutch Guilde Franch Fran Portuguese	S 34 9 34 8 21 8 8 9 3 9 3 9 3 9 3 9 3 9 3 9 3 9 3 9 3	- 281 - 312 - 281 - 281 - 281	7 day notice 314 - 2 313 - 3 314 - 2 278 - 2 314 - 3	31 31 31 31 31 31 31 31 31 31 31 31 31 3	onth 3 - 3 - 3 ¹ ₂ - 2 ¹ ₁ - 2 ¹ ₁ - 3 ¹ ₂	Three months 3½ - 3½ 3½ - 3½ 3½ - 3½ 3 - 3½ 3 - 3½	3/4 - 3/4 - 3/4 - 3/4 - 3/4 -	14. 3 34. 3 34. 4 213. 3 3.2 3	year 12 - 311 12 - 311 14 - 311 11 - 611
M2,53	Nov 13 Belgian Fran Canish Kron O-Mark Dutch Guilde Franch Franc Portuguese I Spanish Pes	S 34 34 34 34 34 34 34 34 34 34 34 34 34	- 231 - 312 - 213 - 214 - 314 - 076 - 614	7 day notice 314 - 2 333 - 3 314 - 2 278 - 2	31 31 31 31 31 31 31 31 31 31 31 31 31 3	onth 3 - 3 - 3 ¹ ₂ - 2 ¹ ₁ - 2 ¹ ₁ - 3 ² ₂ - 6 ² ₁ - 6 ² ₁	Three months 3½ - 3½ 3½ - 3½ 3½ - 3½ 3½ - 3½ 6½ - 6½ 6½ - 6½	3/4 - 3/2 - 3/4 -	75 8 3 3 3 3 3 3 3 3 6 6 6 6 6 6 6 6 6 6 6	year \$ - 3 \(\) - 3 \(\) \(\) - 3 \(\) \(\) - 3 \(\) \(\) - 3 \(\) \(\) \(\) - 6 \(\) \(\) \(\) - 6 \(\) \(\) \(\) \(\) - 6 \(\) \(\) \(\) \(\) - 6 \(\)
M2,53	Belgian Francish Kron Danish Kron Dutch Guilde Franch Franc Portuguese I Spanish Pes Starling Swiss Franc	Sinc 3d. 2 3d. 2 3d. 2 3d. 2 3d. 2 3d. 3 5d. 5 5d. 5 5d. 5 7d. 5 7d.	- 231 - 31 ₂ - 213 - 213 - 214 - 31 ₄ - 07 - 61 ₆ - 51 ₄	7 day notice 314 - 2 313 - 3 314 - 2 276 - 2 313 - 3 813 - 6 8 - 57	31 31 31 31 31 31 31 31 31 31 31 31 31 3	000 0000 8 - 3 - 3 ¹ 2 - 2 ¹ 1 - 3 ¹ 2 - 6 ¹ 1 - 6 ¹ 1 - 6 ¹ 1 - 6 ¹ 1 - 1 ¹ 6	Three months 34 - 3/6 34 - 3/6 3 - 3/6 3 - 2/3 3 - 2/3 6/3 - 6/3 6/3 - 6/3 6/3 - 6/3 13 - 14	3/4 - 3/2 - 3/4 -	34 3 34 4 37 3 3 3 3 3 3 4 3 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	year \$2 - 34 \$2 - 34 \$2 - 34 \$4 - 34 \$4 - 64 \$4 - 64 \$2 - 17
M2,53	Nov 13 Belgian Fran Canish Kron O-Mark Dular Franch Franch Franch Franch Spanish Pes Starling Sviss Franc Can. Dofar	Sinc 3d, se 3d, se 3d, se 3d, se 3d, se 5d,	thorr term - 281, - 31, - 21, - 21, - 31, - 31, - 61, - 61, - 51, - 11, - 21, - 21, - 21,	7 day notice 314 - 2 313 - 3 314 - 2 276 - 2 313 - 3 813 - 6 8 - 57	31 31 31 31 31 31 31 31 31 31 31 31 31 3	one onth 8 - 3 - 3 ¹ 2 - 2 ¹ 3 - 3 ² 4 - 6 ² 4 - 6 ² 4 - 1 ¹ 5 - 2 ¹ 3	Three months 34 - 34 34 - 34 34 - 34 34 - 34 35 - 36 3 - 25 34 - 34 56 56 56 66 66 66 67 67 67 67 67 67 67 67 67 67	314 - 312 - 314 -	74 34 3 3 3 3 3 3 3 4 6 6 6 6 6 6 6 6 6 6	Veer \$ - 3 \(\) - 3 \(\) - 3 \(\) - 3 \(\) - 3 \(\) - 3 \(\) 1 - 6 \(\) 1 - 6 \(\) 2 - 1 \(\) 2 - 1 \(\) 1 - 3 \(\
M2,53	Nov 13 Belgian Frun Darish Kron D-Mark Dutch Guilde Franch Franc Portuguese I Spanish Pes Starling Swise Franc Can. Dollar US Dollar	S 3 day 2 da	- 281 - 31 ₂ - 213 - 213 - 213 - 31 ₄ - 31 ₄ - 51 ₄ - 51 ₄ - 11 ₂ - 211 - 5	7 day notice 316 - 2 313 - 3 312 - 2 313 - 3 815 - 6 655 - 6 8 - 57 113 - 1 316 - 2 514 - 1	34 34 34 34 34 34 34 34 34 34 34 34 34 3	212 - 312 -	Three months 3.2 - 3.4 - 3.5 3.4 - 3.5 3.2 - 3.6 3.6 - 3.6 6.3 - 6.3 6.3 - 6.3 6.3 - 6.3 1 - 3 - 5.2 - 5.4	314 31	74 3 3 3 3 3 3 3 3 3 3 5 6 6 6 6 6 6 6 6 6	Vest \$ - 3.5 \$ - 3.5 \$ - 3.5 \$ - 3.5 \$ - 6.5 \$ - 6.5 \$ - 6.5 \$ - 6.5 \$ - 5.5 \$ - 5.5 \$ - 5.5 \$ - 3.5 \$ - 3.5 \$ - 3.5 \$ - 3.5 \$ - 3.5 \$ - 5.5 \$ - 5.
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M2,53	Nov 13 Belgien Fran Denish Kron D-Mark Dutch Guilde Franch Fran Portuguese Sterling Swise Fran Can. Dollar Istian Lira Yen Yen	S 1 2 3 4 2	+ 1/2 - 1/2	7 day notice 3 - 2 - 2 3 - 3 3 - 2 2 2 5 - 2 3 3 3 - 3 6 5 2 - 6 8 - 5 7 1 1 3 - 2 5 3 4 - 1 5 5 4 - 1 5 5 3 4 - 1 5 5 3 4 - 1 5 5 5 4 - 1 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	34 34 35 34 35 34 35 36 36 36 36 36 36 36 36 36 36 36 36 36	213 - 312 - 213 - 312 -	Three months 3½ - 3½ - 3½ 3½ - 3½ 3½ - 3½ 3½ - 3½ 511 - 632 611 - 632 611 - 632 612 - 632 613 -	34 - 34 - 34 - 34 - 34 - 34 - 34 - 34 -	134 3 34 3 34 4 211 3 3 3 34 6 661 6 661 6 661 5 74 6	year \$\frac{1}{2} - 3\frac{1}{2} \\ \$\frac{1}{2} - 3\frac{1}{2} \\ \$\frac{1}{2} - 3\frac{1}{2} \\ \$\frac{1}{2} - 6\frac{1}{2} \\ \$\frac{1}{2} - 3\frac{1}{2} \\ \$\frac{1}{2} - 3\frac{1}{
M2,53	Nov 13 Betgian Franc Cantath Kron D-Mark Dutch Guilde Franch Franc Portuguese I Spanish Pes Starling Swiss Franc Can. Doflar Ibdian Lira Yen Asian \$Sang	S S S S S S S S S S S S S S S S S S S	- 281 - 32 - 32 - 21 - 31 - 07 - 63 - 63 - 112 - 21 - 712 - 712 - 712 - 33 - 34 - 34 - 35 -	7 day notice 2 3 3 4 - 2 2 3 4 - 2 2 3 4 - 2 2 3 4 - 3 3 4 - 2 2 5 4 - 3 4 - 2 3 4 -		213 - 3 - 21	Three months 34 - 34 34 34 34 34 34 34 34 34 34 34 34 34	Sternorth	134 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	Vestr \$\delta - 3\delta \delta - 3\delta \delta \d
M2,53	Nov 13 Betgian Franc Cantath Kron D-Mark Dutch Guilde Franch Franc Portuguese I Spanish Pes Starling Swiss Franc Can. Doflar Ibdian Lira Yen Asian \$Sang	S S S S S S S S S S S S S S S S S S S	- 281 - 32 - 32 - 21 - 31 - 07 - 63 - 63 - 112 - 21 - 712 - 712 - 712 - 33 - 34 - 34 - 35 -	7 day notice 2 3 3 4 - 2 2 3 4 - 2 2 3 4 - 2 2 3 4 - 3 3 4 - 2 2 5 4 - 3 4 - 2 3 4 -		213 - 3 - 21	Three months 34 - 34 34 34 34 34 34 34 34 34 34 34 34 34	Sternorth	134 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	year \$\frac{1}{2} - 3\frac{1}{2} \\ \$\frac{1}{2} - 3\frac{1}{2} \\ \$\frac{1}{2} - 3\frac{1}{2} \\ \$\frac{1}{2} - 6\frac{1}{2} \\ \$\frac{1}{2} - 3\frac{1}{2} \\ \$\frac{1}{2} - 3\frac{1}{
M2,53	Nov 13 Belgien Fran Denish Kron D-Mark Dutch Guilde Franch Fran Portuguese Sterling Swise Fran Can. Dollar Istian Lira Yen Yen	S S S S S S S S S S S S S S S S S S S	- 231 233 233 233 233 233 233 233 112 212 712 712 33.	7 day notice 314 - 2 334 - 3 3	34 34 34 34 34 34 34 34 34 34 34 34 34 3	0me 0mth 8 - 3 - 3 ¹ / ₂ - 2 ¹ / ₂ - 3 ² / ₂ - 6 ² /	Three months 34 - 34 34 34 34 35 34 35 36 36 36 36 36 36 36 36 36 36 36 36 36	Strong St	134 3 3 3 3 3 3 3 4 3 5 4 5 5 4 5 5 4 5 3 4 4 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	2 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 -
M2,53	Nov 13 Belgian Fran Danish Kron D-Mark Dutch Guide Franch Franc Franch Spenish Pes Starling Swise Franc Can. Dollar Lis Dollar List Dollar List Lira Yen Asian \$Sing Snort term ra: Ill THUREE ILL TH	S S S S S S S S S S S S S S S S S S S	- 231 233	7 day notice Critical Conference of the Conferen	34 34 35 36 36 36 36 36 36 36 36 36 36 36 36 36	- 213 - 312 - 213 - 313 - 314 - 314 - 315 - 713 - 314 - 314	Three months of the control of the c	314 - 312 - 314 -	ha 34 334 4 334 3 3 3 3 3 3 3 3 3 3 3 3 3	year 2 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 -
M2,53 ne on 4378 Morgan index 4 104,9 3 105,9 9 106,9 4 84,1 0 108,0	Nov 13 Betgian Fran Canish Kron D-Mark Dutch Guild Franch Franc Franch Franc Can. Dollar Intilian Lira Yan Asian \$Sing Short Ismi ra III THURIBE	S 1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	- 231 - 312 - 231 - 231 - 231 - 231 - 231 - 231 - 5 - 712 - 712 - 12 - 712 - 12 - 12 - 12 - 12 - 12 - 12 - 21 - 21	7 ctay notice 34 - 2 34 - 3 34 - 2 27 - 2 27 - 2 34 - 3 34 - 2 34 - 3 34	31 31 32 32 32 32 32 32 32 32 32 32 32 32 32	2012 - 312 -	Three months of the control of the c	314 - 314 -	rea 33-6 3 33-8 4 33-8 3 3-12 3 3-12 3 5-13 6 6-13 6 6-13 6 13-6 3 13-7 5 6-13 6 13-7 5 13-7 5 13-8 3 14 11 11 11 11 11 11 11 11 11 11 11 11 1	3-3-1-3-1-3-1-3-1-3-1-3-1-3-1-3-1-3-1-3
M2,53 ne on 4378 Morgan index 4 104,9 9 106,9 9 106,9 4 84,1 0 108,0 0 108,0 2 107,7	Nov 13 Belgian Fran Cantel Kron D-Mark Dutch Guide Franch Franc Franch Franc Franch Franc Spanish Pes Starling Swiss Franc Can. Dotar Ltd Dutch Ltd Lira Yen Snort term ra III THARLES Dec Mgr	S S S S S S S S S S S S S S S S S S S	- 251 - 3/2 - 2/1 - 3/2 - 2/1 - 3/4 - 0/3 - 6/4 - 1/2 - 2/1 - 7/2 - 3/4 - 7/2 - 3/4 - 3/4 - 7/2 - 3/4 - 3/4 - 5/4 - 1/2 - 2/1 - 3/4 - 2/1 - 2/1 - 3/4 - 1/2 - 2/1 - 3/4 - 3/4 - 1/2 - 3/4 - 3/4	7 clay rottor ro	3 31 31 32 35 32 35 35 35 35 35 35 35 35 35 35 35 35 35	- 312 - 312	Three months of 3 & - 3	313	rea 34 3 3 3 3 3 3 3 3 3 5 3 5 3 5 3 5 3 6 5 3 6 6 1 3 5 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 6	year \$ - 3.5. \$ - 3.5. \$ - 3.5. \$ - 3.5. \$ - 6.5. \$ - 6.5.
M2,53 ne on 4378 Morgan index 4 104,9 3 105,9 9 106,9 9 106,0 2 107,7 4 68,9	Nov 13 Betgian Fran Canish Kron D-Mark Dutch Guild Franch Franc Franch Franc Can. Dollar Intilian Lira Yan Asian \$Sing Short Ismi ra III THURIBE	S 1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	- 231 - 312 - 231 - 231 - 231 - 231 - 231 - 231 - 5 - 712 - 712 - 12 - 712 - 12 - 12 - 12 - 12 - 12 - 12 - 21 - 21	7 clay rottor ro	31 31 32 32 32 32 32 32 32 32 32 32 32 32 32	2012 - 312 -	Three months of the control of the c	313	rea 34 3 3 3 3 3 3 3 3 3 5 3 5 3 5 3 5 3 6 5 3 6 6 1 3 5 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 1 3 6 6 6 6	3-3-1-3-1-3-1-3-1-3-1-3-1-3-1-3-1-3-1-3
M2,53 Me on 4378 Morgan index 4 104,9 3 105,9 9 106,9 4 34,1 0 108,0 2 107,7 4 68,9 2 2	Nov 13 Belgian Fran Darish Kron D-Mark Dutch Guide Franch Franc Franch Franch Franch Franc Can. Dollar List Dollar List Dollar List Lira Yen Asian \$Sing Snort term ra III TEMPLER Dec Mer Jun	S S S S S S S S S S S S S S S S S S S	- 231 - 231 - 231 - 231 - 231 - 231 - 534 - 534 - 51 - 71 ₂ - 12 - 334 - 334 - 5 - 71 ₂ - 334 - 334	7 days (1) d	31 31 31 31 31 31 31 31 31 31 31 31 31 3	One or the or th	RATES Three months 3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-	314 - 314 -	res 34 3 34 4 31 3 3 3 3 4 3 3 3 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	year \$ - 3.5 \$ - 3.5 \$ - 3.5 \$ - 3.5 \$ - 3.5 \$ - 5.2 \$ - 5.2 \$ - 5.2 \$ - 5.2 \$ - 5.2 \$ - 5.2 \$ - 3.5 \$ - 5.2 \$ - 5.
M2,53 ne on 4378 Morgan index 4 104,9 3 105,9 9 106,9 9 106,9 2 107,7 4 68,9 2 107,7 7 4 68,9 2 76,4	Nov 13 Belgian Fran Cantel Kron D-Mark Dutch Guide Franch Franc Franch Franc Franch Franc Spanish Pes Starling Swiss Franc Can. Dotar Ltd Dutch Ltd Lira Yen Snort term ra III THARLES Dec Mgr	S S S S S S S S S S S S S S S S S S S	- 231 - 231 - 231 - 231 - 231 - 231 - 534 - 534 - 51 - 71 ₂ - 12 - 334 - 334 - 5 - 71 ₂ - 334 - 334	7 days (1) d	31 31 31 31 31 31 31 31 31 31 31 31 31 3	One or the or th	RATES Three months 3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-	314 - 314 -	res 34 3 34 4 31 3 3 3 3 4 3 3 3 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	year \$ - 3.5 \$ - 3.5 \$ - 3.5 \$ - 3.5 \$ - 3.5 \$ - 5.2 \$ - 5.2 \$ - 5.2 \$ - 5.2 \$ - 5.2 \$ - 5.2 \$ - 3.5 \$ - 5.2 \$ - 5.
M2,53 Me on 4378 Morgan index 4 104,9 3 105,9 9 106,9 4 84,1 0 108,0 2 107,7 4 86,9 4 86,9 3 105,9 3 105,9 3 105,9 3 105,9 3 105,9 3 105,9	Nov 13 Belgian Fran Darish Kron D-Mark Dutch Guide Franch Franc Franch Franch Franch Franc Can. Dollar List Dollar List Dollar List Lira Yen Asian \$Sing Snort term ra III TEMPLER Dec Mer Jun	S S S S S S S S S S S S S S S S S S S	- 231 - 232 - 233 - 234	7 day notice 234 - 2 334 - 2 334 - 2 276 - 2 276 - 2 2 334 - 3 34	31 31 31 31 31 31 31 31 31 31 31 31 31 3	One or the or th	Three months and a state of the	314 - 316 - 316 - 317 -	183 34 3 34 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	year \$ - 3.5 - 3.5 - 3.5 - 3.5 - 3.5 - 3.5 - 3.5 - 3.5 - 3.5 - 3.5 - 5.6 - 3.5 - 5.6 - 3.5 - 5.6 - 3.5 - 5.6 - 3.5 - 5.6 - 3.5 - 5.6 - 3.5 - 5.6 - 3.5 - 5.6
M2,53 Me on 4378 Morgan index 4 104,9 3 105,9 9 106,9 4 84,1 0 108,0 2 107,7 4 88,9 2 107,7 6 8 105,9 8 105,9 8 105,9 8 105,9 8 105,9 8 105,9 8 105,9	Nov 13 Belgian Fran Danish Kron D-Mark Dunish Kron D-Mark Procupuses I Spanish Pes Starkin Svine Franc Can. Dollar Indian Lira Yan Asian SSing Short term ra THARLES Jun THARLES In THARLES In THARLES In THARLES In THARLES In	S S S S S S S S S S S S S S S S S S S	- 241 - 241	7 day notice Critical Control Critical	31 31 31 31 31 31 31 31 31 31 31 31 31 3	- 312 - 213 - 312 - 213 - 312 - 213 - 312 - 213 - 312 - 313 - 314	Three months of the control of the c	State State	18 34 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	year \$ - 3.5 14 - 3.5 14 - 3.5 14 - 3.5 15 - 3.5 15 - 3.5 15 - 3.5 16 - 3.5 17 - 3.5 17 - 3.5 18 - 3.5 19 - 3.5 19 - 3.5 10 - 3.5 1
M2,53 Me on 4378 Morgan index 4 104,9 3 105,9 9 106,9 4 84,1 0 108,0 2 107,7 4 86,9 4 86,9 3 105,9 3 105,9 3 105,9 3 105,9 3 105,9 3 105,9	Nov 13 Betgian Fran Canish Kron D-Mark Dutch Guild Franch Franc Franch Franc Can. Dollar Indian Lira Yan Adian \$Sing Short Ismin ra III THREEE Dec Mar Jun Dec	S S S S S S S S S S S S S S S S S S S	- 251 - 251	7 clay notice 7 clay notice 23 - 2 clay 2	3 (m) 34 (1) 2 (3) 34 (1) 2 (3) 34 (1	- 312 - 213 - 312 - 213 - 312 - 513 - 312 - 513	Three months and a state of the	Size - 3.4 -	183 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	year \$ - 3.5 14 - 3.5 14 - 3.5 15 - 3.5 16 - 3.5 16 - 3.5 17 - 615 17 - 615 18 - 615 19 - 12 19 - 12 19 - 3.5 10
MG2,53 MG2,53	Nov 13 Belgian Fran Darish Kron D-Mark Dutch Guide Franch Franc Franch Portuguese Starling Swiss Franc Can. Dollar US Dollar Hatian Lira Yan Asian Sung Short term ra THAREE In THAREE In THAREE In THAREE In Dec Mar	S S S S S S S S S S S S S S S S S S S	- 241 - 241	7 days 1	34 34 34 34 34 34 34 34 34 34 34 34 34 3	- 312 - 312 - 213 - 213	Three months of the state of th	State State	188 33 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	year \$ - 3.5 -
M2,53 Me on 4378 Morgan index 4 104,9 3 105,9 9 106,9 1 4 84,1 0 108,0 2 107,7 4 84,9 3 105,9 8 105,9 8 105,9 8 105,9 8 105,9 8 105,9 8 105,9 8 105,9 8 105,9 8 105,9	Nov 13 Betgian Fran Canish Kron D-Mark Dutch Guild Franch Franc Franch Franc Can. Dollar Indian Lira Yan Adian \$Sing Short Ismin ra III THREEE Dec Mar Jun Dec	S S S S S S S S S S S S S S S S S S S	- 251 - 251	7 clay ye rooted 31 - 2 3 - 2 3 3 3 - 2 2 2 5 - 2 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	3 (m) 34 (1) 2 (3) 34 (1) 2 (3) 34 (1	- 312 - 213 - 312 - 213 - 312 - 513 - 312 - 513	Three months and a state of the	Size - 3.4 -	183 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	year \$ - 3.5 14 - 3.5 14 - 3.5 15 - 3.5 16 - 3.5 16 - 3.5 17 - 615 17 - 615 18 - 615 19 - 12 19 - 12 19 - 3.5 10

WORLD INTEREST RATES

MONEY RATES

Swige F					13 - 14	17 - 14	313 - 31
US Doll				- 2 1 3	31 ₁ - 3 51 ₂ - 51 ₄	34 - 34 54 - 54	541 52
Italian L					74 - 74	73 - 74	6H 6H
Yan		- 12 2		1 - 13	13 - 17	13 - 13	50 - 12
Asian \$5			34 3		34	34 - 34	32 34
	m rates are o						42 - 34
	EE MONT						te .
	Open	Sett price	Change	High	Low	Est. vol	Open Int
Dec	98.45	98.45	+0.02	98.48	98.44	8,665	45,748
Mor	96.39	96.40	+0.02	96.41	96.39	E13,0	58.318
Jun	96.36	96.34	+0.01	96.37	96.34	2,842	29,814
7 7WD	EE MONTH	CIRALLA	DK #1971	mere a se	EET CAM		10006
	Open	Sett price	Change	High	Low	Est, voi	Open Int
Dec	96.79	96,80		96.80	96.79	11035	205886
Mar	96.81	98.81	+0,01	98.81	98,78	16686	191847
Jun	96.69	96.69	+0.01	96.69	96.67	15213	173017
Sep	96.52	96.51	•	96.53	96.49	15954	143705
# THR	EE WONTH	EUROLIA	A FUTUR	MS (LIFF	3" L1000r	n points of	100%
	Open	Sett price	Change	High	Low	Est. vol	Open int
Dec	92,78	92.77	+0.02	92,78	92.75	11136	69823
Mer	83.39	23,44	+0.06	83.45	93.38	11971	84718
lun .	93,70	93,74	+0.07	93.75	88.69	5341	38412
Sep	93.80	93.86	+0.09	93,87	93,80	2908	22846
F THIRE	E MONUH E	URO SWIES	FRANC PU	TURES (LI	FFE) SFr1m	points of 10	0%
	Open	Sett price	Change	High	Low	Est. voi	Open int.
Dec	98.14	98.03	-0.09	98.14	98.00	4431	29437
Mar	98.11	98.00	-0.09	98.12	87.97	9553	33835
JK#T	87.86	87.81	-0,09	97,88	97.78	1086	16564
Sep	97.65	97.57	-0.10	97.65	97.63	60	6575
THE	EE MONTH	EUROYE	PUTUR	es (UFFE	Y100m p	points of 10	10%
	Open	Sett price	Change	High	Low	Est, vol	Open Int
Deq		96.45				0	n/a
Mar	99.38	99.38	+0.03	99.38	99.38	14	n/a
Jun	99.23	99.22	+0.04	99.23	98.22	83	r/a
	EE MONTH						
	Open	Sett price		High	Low	Est vol	Open Int
		Ante Sales			95.81	1583	7281
D.o.		ne on	~ ~ ~				
	95.83	95,62	-0.01	95.84			
Dec Mar	95.83 95.84	95,82	-0.01	95.84	95.81	335	5874
	95.83						

Nov 13 (Sch) 17.5289 +0.1582.205 381 17.5508 17.4073 17.4848 3.0 17.4283 2.8 [SF1] 51.3484 +0.4618 029 -939 51.3960 50.9440 51.2224 2.9 50.9584 3.0 49.7634 3.1 (DKr) 9.5718 +0.0633 672 -780 9.5750 9.5007 9.5517 2.5 9.5111 2.5 9.2322 2.5 [F4] 7.4988 +0.0512 938 -0.57 7.5180 7.4580 2.7 8.3838 2.7 8.3831 2.8 [CM] 2.4910 +0.0224 809 -920 2.4955 2.4733 2.4849 2.0 2.4721 3.0 2.4157 3.0 [CT] 303.184 +2.427 966 -342 395.342 991.014 [CS] 0.9961 +0.0013 972 -989 0.9989 0.9958 0.9978 0.4 0.9988 0.5 0.9002 0.8 [C] 2507.28 +17.84 806 - 851 2509.70 2481.78 2511.08 -1.8 2518.58 -1.8 2523.06 -0.8 [CF] 5.7952 +0.0267 939 964 2.7976 2.7793 2.788 3.1 2.778 3.2 2.7083 3.1 (PKf) 10.4520 +0.0747 484 -575 10.4860 10.3926 10.4395 1.4 10.4195 1.2 10.3145 1.3 (ES) 251.890 +1.797 788 -992 252.179 250.100 252.065 -0.9 252.455 -0.9 [CF] 20.777 +1.865 625 -809 209.42 208.27 209.882 -0.9 252.455 -0.9 [CF] 20.777 +1.865 625 -809 209.42 208.27 209.882 -0.9 252.455 -0.9 [CF] 20.777 +1.865 625 -809 209.42 208.27 209.882 -0.9 210.112 -0.8 210.112 -0.2 [SKr) 10.9985 +0.00227 969 -986 2.1075 2.0812 2.0907 4.3 2.0765 4.3 2.009 4.3 [CD] -1.2998 +0.0088 991 -0.04 1.3051 1.2023 1.2079 1.8 1.2934 2.0 1.272 2.1 1.2998 +0.0088 991 - 004 1.3051 1.2923 1.2979 1.8 1.131867 1.6529 +0,0084 525 - 533 1.6419 1.6923 2.1900 12.9906 1,7028 +0,0039 022 - 034 2,2037 +0,0057 027 - 046 13,0958 +0,0013 885 - 031 1,6532 +0,0066 528 - 536 1,7065 2,2076 13,1218 2,1986 28 2,1877 2.9 2.1287 3.4 1.6621 0.8 0.8 1.6354 1.6422 181.78 6.0 173.75 5.8 129.9 2.3337 -3.5 2.3432 -2.8 2.3639 -1.6

2.3 10.3477 2.4 30.3325 1.8 5.8808 1.0 10.5427 2.3 30.8725 1.8 5.7625 2.3 4.509 2.0 5.0677 2.3 1.4979 -7.8 241.945 0.3 1.8557 -2.5 1526.23 2.3 30.8725 2.7 1.679 0.7 6.3129 -1.8 152.865 -1.7 127.295 0.5 6.6379 3.6 1.2576 0.8 1.6498 -1.3 1.2765 -0.0001 998 - 998 -0.0017 299 - 301 -0.0018 327 - 332 +0,006 190 - 240 0.9998 1.0300 1.3330 0,9998 1,0312 1,3345 7,9240 0.9998 -1.0299 -1.3324 1,3308 1.2695 1.2687 1.2706 -1.4 1.2725 -1.1 1.278 7.7328 7.7318 7.7322 0.0 7.7328 0.0 7.7438 35.950 35.956 -7.2 38.425 -7.8 3.2436 3.2327 111.850 111.310 111.145 5.1 110.14 5.3 105.94 1.2525 1.25228 2.5276 -1.4 2.533 -1.3 2.5543 1.4081 1.4071 1.4131 -4.7 1.4174 -2.8 1.4489 26.3200 26.2300 3.7508 -0.1 3.7512 -0.1 3.7531 1.4022 1.4010 1.3895 1.8 1.3949 1.9 1.3737 4.6800 4.6430 4.7262 -10.4 4.8032 -9.9 5.116 830.500 828.900 27.5200 27.4800 27.5001 0.0 27.5003 0.0 25.4490 25.4250 25.525 -1.2 25.6825 -4.0 28.3 3866 Spot public show only the less times decimal pieces. Forward rates are Australia,
Hong Kong
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Saudi Arabia
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South Africa,
Trailwand

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Nov	13	84	Fr.	-DIG .	FFF .	DM	le:	L	PI	NIG	Es	Pta	SIC	SFr	. £	C\$		_ Y	Ectt
Belghim	(BI	1) 10	00	18.64	16,40	4,851	1.944	4882	5.443	20.36	.490.6	406.4	21.40	4,088	1.947	4,280	3.219	359.3	2.530
Denmark	(D)	(r) 53.	.65	10	8.798	2,602	1.043	2619	2.820	10.82	283,2	219.1	11.4B	2.192	1.045	2,302	1.727	192.7	1.357
France	(FE)	F1) 60	80	11.37	10	2,958	1,185	2977	3.319	12.41	298.1	249.0	13.05	2.491	1.168	2.618	1.963	219.1	1.543
Germany	. (0	M) 20.	.61	3,843	3,381	. 1	0,401	1006	1,122	4.185	101.1	84,18	4,412	0.842	0.401	0.884	0.664	74.07	0.521
trotand	. (D . 51	45	9.591	8.438	2,496	1	2512	2.801	10,47	252.4	210.1	11.01	2.102	1.002	2.207	1.658		
italy		a.) 2.0	148	0.382	0.338	0.099	0.040	100.	0.111	0.417	10,05	8.365	D.A38	D.084	0.040	880,0	0.066	7.359	0.052
Netherland	te (FO 18	.37	3,425	3.013	0.881	0.357	897.0	1	3.739	90.13	75.03	3,932		0.356	0.788	0.591	66.01	0.465
Norway	(NI	(r) 49.	.14	9,160	8.058	2.384	0,965	2399	2.678	10	241.1	200.7	10.52		0.857	2.108	1.582		
Portugal	(8	a) 20.	.39	3,800	3.343	0.969	0.396	995.2	1.110	4,148	100.	83.25	4,963		0.397	0.875	0.656		
Spein	P	24	.49	4.565	4.016	1.188	0.476	1196	1.333	4.963	120.1	100.	5.241		0.477	1.051	0.788		
Sweden	(5)	(r) 46.	.72	8.710	7.082	2.267	0.908	2281	2.543	8,509	229.2		10	1.909	0.910	2.005	1,504		
Switzerlan	d (3)	Pr) 24.	.48	4.582	4.014	1.187	0.478	1195	1.352	4,961	120.1	99.9 5	5.238	1	0.477	1.050	0.786		
UK		E) 51.	.35	8.572	8.421	2,491	898.0	2507	2.795	10.45	251.9		10,99	2.098	1	2.203	1.853		
Canada	(0	\$ 29.	.31	4,345	3.823	1.131	0.453	1138	1.269	4,744	114.3		4,989		0.454	1	0.750		
UE		33 31.	.06	5.791	5.094	1.507	0.604	, 1517	1.691	6.322	152.4	126.9	6.648		0.605	1.333	1	111.9	
Japani	1	Y) 27.	.83	5.188	4,564	1.350	0.541	1359	1.515	5.864	136.5		5.957	1.137	0.542	1.194	0.896		0.704
Eou			.53	7.369	6.483	1.918	0.768	1930	2.152	8.045	193,8		8.460		0.770	1.696	1.273	142.0	1
Danish Krone	er, French	Fatne,	Norw	region Kron	er, and t	ivector !	Gronor pr	r 10; Bei	igian Franc,	Yerl, Esc	udo, Lin	and Pose	ta per 100						
III D-MAN	K FUTU	REF (I	MM	DM.125	000 per	DM				= 3	AFAIR	SE YES	FUTUR	(MMI)	fen 12.5	per Yo	n 100		
	Open	1.0	met	Change	· High	1	OW E	et. voi	Open Int.			Open	Latosa	Change	Hig	h i	DW .	Est. voi	Open int.
Dec	0.6643	0.8	683	+0.0020	0.666	3 0.0	9640 1	32.627	62,48?	Dec		0.8003	8709.0	+0.0007	0.90	25 04	3962	19,742	67,168
Mar	0.6690	0.6		+0.0021	. 0.670			1,404	5,362	Mer		0.9130	0.9126	+0.0000	0.91	34 0.5	9110	303	3,504
, July	-	0.6		+0.0008			-	25	2,538	, Am			0.9234	-	-		-	301	778
R SWIFE I	FRANC	PUTUI	NES	(IMM) SF	125,00	O per S	fr				TERL	NG PUTU	THES (IM	VI) £82,50	2 per 0				
Dec	0.7903		915	+0.0006			894	19,962	47,972	Dec		1,8448	1.6518	+0.0068			8410	5,817	59,660
VOC	U. 1505	W.F.					-Dec		2 691	Mar		1 6476	1 8474	AD DORS	165	00 1/	R460	154	1.097

	0.7903	0.7915	. +0.0006	0.792B	0.7894	19.962	47.972
Doc Mar	0.7980	0.7991	+0.0012	0.7993		- 290	3,631
Jun	0,7800	0.8060	+0.0012		-	1	664
Jun		0.0000	10,000				-
UK	NTERE	ST RA	TES				
LONE	ON MO	NEY A	ATES				
Nov 13		Over-	7 days	One	Three	Stx.	One
		night ·	notice	month	months	months	- Asst
	Sterling	511 - 2	8 - 57	63 - 0	638 - 634	B16 - B16	013 - 013
Sterling (-,-			65 - 67		633 - 663
LEGITITY			-	5数 - 5%			-
Burch Bill		-	-	58 - 5%		64 - 64	
	hority dees.	674 - 0	6 - 54	Big - 0	818 - 818	82 - 62	516 - 514
Checount	Market depe	511 - 5	0 - 5%	•	-	•	•
ilk close	ng benk bes	e lending n	ata 8 per e	ount from	October 30	1996	
., .,.		•	Up to 1	. 1-3	3-6	9-9	9-12
-			month	month	months	months	signosis
						_	
Carts of T	Tax dep. (CT	€ 1000,000 №	gi _z pc. Dep	512 cette withdr	5 · sweet for contract	1 upc.	43 ₆
Serts of T lve. sende to day Oc	Tax dep. (CT) as dep. under a tale of disor i 31, 1986. As male for perior se Rale Spc fr	C100,000 le sunt on Nov greed fata fo d Clot 1, 199	2 ¹ 2pc. Dep 8, 5.9068pc period Nov 8 to Oct 31,	COOD for	own for cont of rate Sifty.	1 14pc. Export Fine	nce. Major
Certs of T live. sendings chay Oc Sedemonop locate 200	ex dep. under in raie of class it 31, 1986. As rate for perio se Pale for fr	C100,000 to purt on Nov reed rate for i Oct 1, 199 on Nov 1, 1	2 ¹ 2pc. Dep 8, 5.9068pc period No. 8 to Oct 31, 996	cetts withdr ECGD field 28, 1996 (1996, Sah	gen for past of rate SES. to Dec 24, 19 ornes TV & V	h 14pc. Seport Finan 996, Schemi 8,001pc. Fi	nce. Majos y ili 7.25pc. namce
Serts of T Ave. Mende sp chay Oc Redenance House Bas	ex dep, under if raie of class 131, 1986. Ap raie for perior se Pale Spc fr	C100,000 le nunt on Nov geed rate fo d Oot 1, 199 om Nov 1, 1	21-pc. Dep 8, 5.908800 r period Nor 8 to Oct 31, 096	cetts withdr ECGD field 28, 1996 (1996, Sah	gen for cont of rate Sdg. to Dec 24, 19 ernes TV & V	h 14-pc. Export Piner 986, Scheme 8-DET pc. Pi points of Est. vol	100% Open int
Certs of T Ave. sending they Oc Petersnop House Ber I They L	ek dep, sinder if tale of discr 131, 1986, it 131, 1986, it 131, 1986, it 131, 1986, it 131, i	C100,000 to want on Nov reed and for d Cot 1, 199 ons Nov 1, 1 #1 #24 July Satt price	21-pc. Dep 8, 5.908800 r period Nor 8 to Oct 31, 096	cetts with the COD fine 28, 1996, Sohr 1996,	gwn for gast ad rate 36g. to Dec 24, 11 ernes IV & V 0, 2500,000 Low 93,54	h 14-pc. Suport Finan 1995, Schemi 8.001 pc. Fi points of Est. vol 18951	100% Open Int
Carte of T two sends so day Oc Reference for the Ber of Theres	ex dep. sincler in tale of clack it all resident interes perior in	C100,000 le nunt on Nov geed rate fo d Oot 1, 199 om Nov 1, 1	21-pc. Dep 8, 5.908890 r period Nor 8 to Oct 31, 996 Change	entry with the ECGD fine 28, 1996 (1996, Soft) 1996, Soft	gen for control of rate Sidg. to Dec 24, 11 erneu TV & V	h 14pa. Export Press 986, Schem 8.001pa. Pr points of Est. vol 18951 32369	100% Open int 101052 111028
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Certa of T Ave. Minch sp. day Or Suder on House Be House Be THERE Dec Mar Juni	ax dep. under ir rate of date is 31, 1996. As interest perior se Pale Spr. In Open 93.63 93.63 93.35 93.05	2100,000 to hart on Nov reed rate for il Oct 1, 199 om Nov 1, 1 STEPLINA Sett price 93.55	21 ₂₉ c. Dep 8, 5.9068pc r period Non 8 to Oct 31, 996 Q FUTUR Change -0.07 -0.11	### (LIFFE High 93.63 93.06 92.82	2000,000 Low 93,54 93,54 92,57	h 14pa. Export Final 986, Schemin 9,001pc. Fil points of Est. vol 18951 32349 30811 10883	100% Open int 101052 111028 97170 60885
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	BA	SE LENDING RATES	5.0
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Alled Ident Bank (GB)	€.00	Duncen Lawrie 6.00 when crowned	
NEED Trust Bank	8.00	Wanted Black Limited 7.00 Payer SK Or Scotler of	
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Sank of Basods	8.00	#Robert Flaming & Co 6.00 #Smith & William Sec	61
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	0.8003	0.9013	+0.0007	0.9025	0.8982	19,742	67,168
Des Mar Jun	0.9130	0.9126 0.9234	+0.0005	0.9134	0.9110	303 301	3,504 778
M STERL	NG FUTUI	RES (IMI) £82,500	per £			
Dec	1,8448	1.6518	+0.0068	1.6534	1.6410	5,817	59,660
Mar	1,6476	1.8474	+0.0082	1.6500	1.6460	154	1,097
,kup	-	1.6440	~	1.6450	-	45	204
	UROPE						
Nov 13	Eçu ci	IT. R		Change on day	% +/- from	% spre v week	ad Div. ast ind.
Ireland	0.79221			.005039	-2.57	4.45	
· Portugui	195.79		5.000	+0.018	-0.40	2.15	
Spain	162.45		2.279 30599 -	+0.147 .	-0.13	1.87 1.75	
Finland Natherland	5.8066 2.1521			0.00299	-0.01 0.45	1.28	
Belgium	39.396	30 39	7188	+0.0522	0.82	0.91	-6
Germany	1.9100	77 . 1.5	2761	+0.0027	0.92	0.81	
Austria	13,438	13 13	.5635	+0.0191	0.83	0.80	
Denmerk.	7.2858			0.00637	1.57 1.74	0.18 0.00	
France	6,4080		51751 +	0.00484	1.74	0.00	-15
NON ERM	MEMBERS 292.86		4.428	-0.285	3.95	-2.12	, _
Greece	2106.1		41.79	-1.86	-7.80	10.35	
Italy UK	A 79665	9 077	SERRE -0	005249	-1.62	3.41	
				Aurencies e		ng relative st	ningsh.
Ecu central rai Percanage of between two c currency, and	enges are for	Car e poet	ive change d	enotes a we	nek <i>custonoy.</i> D	Morgance sh I Fou centre	ows the milio
Cunency, and	the consumus Scarces are b	permitted p	excentage de	vention of th	D CLETTERCY'S I	perions rate for	oun its Ecu
Carriero 1969. (1 <i>7/9/</i> 32) Start				M Activators		her the Bran	riel Times
PHILAI	XELPHIA S	# 1/3 O	TIONS 2	31,250 (0	eura ber bo	und)	
Strike	Name	CAL			Nov	PUTS Dec	Jen
Price .	Nov		-	32		0.61	1.10
1.620	1,47	. 22			0.03	0.92	1.47
1.630	0.70	1.8			0.26	1.33	1.95
1.850 .	0.23	1.1			0.79	1.86	2.51
1.660	0.22	0.8	2 1.	31	1.58	2.51	2.99
Previous day	e vol., Calls	3,316 Puts	8,558 . Pres	r. degra op	en int., Cally	163,865 Pu	b 159,168
بالكسايان		بسيبي					
S THEFT							
	Open	S4.48	Change -0.01	High - 194,50	94,48	27,883	Open Int. 455.085
Dec Mar	94,49	94.48	-0.01	94.50	94,46	28,436	374,372
ACCRET.			+0.01				
	94.37	94,38	10.01	94,39	94.35	27,723	291,984
Jun	94.37	•				27,723	
Jun E VS TRE	94.37 ABUNY M	LL PUT	THE (IN)	n) Sim pe	r 100%		291,964
Jun III VS TRE Dec	94.37 ABURY M 94.98	94.99	-0.01	6) \$1m pa	r 100% 94.98	315	3,288
Jun E US TRE Dec Mer	94.37 ABUNY M	94.99 94.97	THE (IN)	n) Sim pe	r 100%	315 102	3,288 2,674
Jun E US TRE Dec Mer Jun	94.37 PARIMY M 94.98 94.96	94.99 94.97 94.87	-0.01 +0.02	6) \$1m pa	r 100% 94.98	315	3,288
Jun E US TRE Dec Mer Jun	94.37 ABURY M 94.98 94.96	94.99 94.97 94.85 for previo	-0.01 +0.02	6) \$1m pe 94.89 94.97	94.98 94.95	315 102	3,288 2,674
Jun E US TRE Dec Mer Jun As Open Intel E EUROSE	94.37 ABURY M 94.98 94.96	94.99 94.97 94.85 for previous 1048 (LIF	-0.01 +0.02 +0.02 FE) DM1n	6) \$1m pe 94.89 94.97	94.98 94.95 94.95	315 102	3,288 2,674
Jun E US TRE Dec Mer Jun AE Open Intel E EURION	94.96 94.96 94.96 94.96 Mari figs. are	94.99 94.97 94.85 for previo	-0.01 +0.02 +0.02 FE) DM1n	84.99 94.97 pa.97	94.98 94.95 94.95	315 102 30	3,286 2,674 1,531
Jun Le US TRE Dec Mer Jun Al Open Inte E Strike Price	94.98 94.98 94.96 west figs. are IARIC OPT	94.99 94.97 94.85 for previo	-0.01 +0.02 	94.99 94.97 PA.97 In points o	94.98 94.95 94.95 # 100%	315 102 30	3,288 2,674 1,531 Mar 0.09
Jun III US TRE Dec Mer Jun All Open Inte III SURPOR Surice Price 9675	94.37 94.98 94.98 94.96 mart figs. are IANK OPTI NOV 6	94.99 94.97 94.85 for previo	-0.01 +0.02 -0.02 -0.02 -0.02 -0.00	94.89 94.97 n points of 5 0.0	94.98 94.95 4 100% W Dec	315 102 30 PUTS	3,285 2,574 1,531 Mar 0,09 0,23
Dec Mer The Strike Price 9675 9700	94.98 94.98 94.96 94.96 Part figs. are IAMIC OPTI NOV 6	94.99 94.97 94.85 94.85 for previo	-0.01 +0.02 	94.99 94.97 n points o	94.98 94.95 94.95 4 100% W Dec 17 0.02 0 0.20 5 0.45	315 102 30 PUTS — Jan 0.05 0.20 0.44	3,288 2,674 1,531 Mar 0.09 0,23 0,45
Dec. Mer Jun All Open Intel B Strike Price 9675 97700 9725	94.98 94.98 94.96 94.96 94.06 94.06 94.06 0.06 0	94.99 94.87 94.85 for previous (LIR COLOR (LIR CAL COLOR (LIR O O O	-0.01 +0.02 	94.99 94.97 n points of 5 0.0 4 0.2 7 0.4	94.98 94.95 94.95 4 100% V Dec 17 0.02 0 0.20 5 0.45	315 102 30 20 30 205 0.20 0.44	3,288 2,674 1,531 Mar 0.09 0,23 0,45
Dec. Mer Jun All Open Intel B Strike Price 9675 97700 9725	94.98 94.98 94.96 94.96 94.06 94.06 94.06 0.06 0	94.99 94.87 94.85 for previous (LIR COLOR (LIR CAL COLOR (LIR O O O	-0.01 +0.02 	94.99 94.97 n points of 5 0.0 4 0.2 7 0.4	94.98 94.95 94.95 4 100% V Dec 17 0.02 0 0.20 5 0.45	315 102 30 20 30 205 0.20 0.44	3,288 2,674 1,531 Mar 0.09 0,23 0,45
Dec Mer Jun Dec Mer Jun All Open Inter Strike Price 9675 9705 Est, vol. total III AUROS	94.98 94.98 94.96 94.96 94.06 94.06 94.06 0.06 0	94.99 94.97 94.85 94.85 96 previous (LIF	-0.01 +0.02 	94.99 94.97 n points of 5 0.0 4 0.2 7 0.4	94.98 94.95 94.95 4 100% V Dec 1 0.02 0 0.20 5 0.45 Int., Calle 4	315 102 30 20 30 205 0.20 0.44	3,288 2,674 1,531 Mar 0.09 0,23 0,45
Dec Mer Jun Dec Mer Jun AE Open Fete Extreole 9725 Est. vol. total 11 AEURO 3 Strike	94.98 94.98 94.96 94.96 94.06 94.06 94.06 0.06 0	94.99 94.97 94.85 94.85 96 previous (LIF	-0.01 +0.02 cs day FE) DM1n LS lsn M .11 0.1 0.0 0.0 10 Previous (15 10 DM (15 15	94.99 94.97 n points of 5 0.0 4 0.2 7 0.4	94.98 94.95 94.95 4 100% V Dec 1 0.02 0 0.20 5 0.45 Int., Calle 4	315 102 30 30 PUTS — Jen 0.05 0.20 0.44 43522 Puts	3,288 2,674 1,531 Mar 0.09 0,23 0,45
Jun Jun Jun Jun AE Open Inte M EURIPON Strike 9725 9700 9725 Est. vol. tom M EURIPON Strike Price	94.97 94.98 94.98 94.96 Heat figs. are IARIK OPTI Nov 6 0.06 0 0 0 0 0 0 0 0 0 0 0 0 0	94.99 94.97	-0.01 +0.02 ca day FE) DM1n LS dan M 11 0.1 0.01 0.0 0 0.0 1000 0.0 10000 0.0 LS	94.99 94.97 n points of 5 0.00 14 0.20 15 SPy 1:	94.98 94.95 94.95 of 100% ov Dec 7 0.02 0 0.20 5 0.45 int, Cate 4 m points of	315 102 30 PUTS — Jen 0.05 0.20 0.44 43522 Puts 100%	3,286 2,574 1,531 Mar 0,09 0,23 0,45 351062
Jun E US TRE Dec Mer Jun AE Open Inte Strike Price 9675 9700 9725 Est. vol. total III AEURO I Strike Price 96725	94.98 94.98 94.96 east figs. are LANK OPT Nov 6 0.06 0 0 0 Cals 4632 Dec	94.99 94.97	-0.01 +0.02 -0.01 +0.02 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01	94.99 94.97 n points of 15 0.00 14 0.20 17 0.40 18 SFr 1	94.98 94.95 94.95 of 100% ov Dec 0.020 0.020 0.020 0.020 0.020 0.020 0.020 0.020	315 102 30 PUTS — Jen 0.05 0.20 0.20 0.20 100%	3,288 2,574 1,531 Mar 0,09 0,23 0,45 351062
Jun LOS TRE Dec. Jun All Open Inter ELITECT Strike Price 9675 9700 9725 Est. vol. total missureo 3 Strike Price 9680 Est. vol. total	94.97 94.98 94.96 94.96 94.96 0.06 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	94.99 94.85 94.85 9 for previous (LF Coc 0.07 0 0.0 0 0.	-0.01 +0.02 ca day FE) DM1n LS -11 0.1 0.01 0.0 0. Previous 1010 0.1 1010 0.1 1010 0.1 1010 0.1 1010 0.1 1010 0.1 1010 0.1	## \$1m pe 94.99 94.97 n points of 5 0.0 14 0.2 17 0.4 day's open FE SFr 1	94.98 94.95 94.95 97 Dec 17 0.02 0 0.20 0 0.20 16 Calle 428	915 102 30 30 0.05 0.20 0.20 0.20 0.20 0.20 0.20 0.2	3,295 2,674 1,531 Mar 0,09 0,45 331002
Jun Jun Jun Jun Jun All Open Inter Jun All Open Inter Jun All Open Inter Strike Price 9675 9705 9825 Strike Price 9826 Strike Price 9826	94.97 94.98 94.96 94.96 94.96 0.06 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	94.99 94.85 94.85 9 for previous (LF Coc 0.07 0 0.0 0 0.	-0.01 +0.02 ca day FE) DM1n LS -11 0.1 0.01 0.0 0. Previous 1010 0.1 1010 0.1 1010 0.1 1010 0.1 1010 0.1 1010 0.1 1010 0.1	## \$1m pe 94.99 94.97 n points of 5 0.0 14 0.2 17 0.4 day's open FE SFr 1	94.98 94.95 94.95 97 Dec 17 0.02 0 0.20 0 0.20 16 Calle 428	915 102 30 30 0.05 0.20 0.20 0.20 0.20 0.20 0.20 0.2	3,295 2,674 1,531 Mar 0,09 0,45 331002

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FT Surveys

To the Holders of BANCO CENTRAL DE COSTA RICA Series A Interest Cialma Bonds and Banco Caminal de Costa Rica Series B Interest Claims Bonds each dated May 21, 1990 (collectively, the "interest Claims Bonds")

"Interrest Clefins Bonde")
NOTICE IS HEREBY GIVEN TO THE HOLDERS OF THE INTEREST CLAMS BONDS, pursuant to the provisions of the respective Fiscal Agency Agreements dated so of May 1, 1990 among Betroc Central de Costa Fica, the Republic of Costa Files as Guarantor, and First Trust Netional Association (seasucessor to Benium America Trust Company of New York) as Fiscal Agent, that the following described Principal Coupons on each interest Claims Rond with be redeemed an pany or relear to the action Agent, but the following described Principal Coupons on each briberest Claims Bond will be redecened on November 21, 1998 at the principal amount themed with the proceeds of Value Recovery Payments required to be made by Banco Cen-tral de Costa Rica pursuant to Section 12(B) of each Interest Claims Bond.

Principal Coupons to be Bedegmed August 21,2003 May 21, 2003 Payment of the principal amount of each Principal Couper due upon redemption shall be made onor after such redemption date upon the presentation and surrender of the interest Claims Bonds, together with all Principal Cou-poins called for redemption and together with all principal coupers and present the second of the coupers and the second of the coupers of the coupers and the coupers of the coupers of the coupers and the coupers of the coupers of the coupers and the coupers of the coupers the coupers of the coupers the coupers of the coupers th interest Coupons coming due and psyable or or after May 21, 2003, at any of the following

First Thust 180 East Fifth Short 3rd Floor-Bond Deep Window St. Paul, MN 55101

de à Lumanbourg S.A.

Notice is further given that interest shall cause to accrue on that portion of the principal amount of the interest Claims Bonds evidenced by the atomatid Principal Coupons being re-deemed from and after November 21, 1896, deemed from end after November 2 which is a scheduled interest payment the interest Claims Bonds, BY: FIRST TRUST, NATIONAL ASSOCIATION 85 Fixel Agent

Dated: November 14, 1996

CONTRACTS & TENDERS

PETROLEO BRASILEIRO S.A. PETROBRAS

> **Engineering Service** BIDDING NOTICE

INTERNATIONAL BIDDING Nº 569-9-004-96

INTERNATIONAL BIDDING Nº 569-9-004-96

Scope: International Bidding for contracting engineering services for setting up the Atmospheric Residue Fluid Catalytic Cracking Unit. Solvent Dearematization Unit. Solvent Unit. Sour Water Treatment Unit. Cooling Tower and other Utilities at Capuava Refinery - RECAP: in the Municipality of Maus. State of São Paulo, Brazil, including preparation of the detailed design, supply of materials and equipment, civil construction, electromechanical assembly, commissioning, tests, assistance to pre-operation, to operation and to maintenance, during a period of 880 (eight hundred and eighty) calendar days, on a lump-sum contract basis. Bid Evaluation Criterion: Lowest price (lowest present value). Adress for consultation/purchase of the Bidding Documents: SEGEN / EMCON, Rue General Canabarro, 500 - 9th floor - Rio de Janeiro - RJ - phone: (021) 568-5573 / 566-5878 / 565-559. as of November 6, 1996. Bidding documents may only be obtained upon presentation of e bank deposit slip for the amount of R\$ 500,00 (five-hundred reais) and the Secrecy Statement, available at the above adress, algred by the company's director or legal representative in Brazil, duly authenticated. Bids will be opened on January 29, 1997 at 10 a.m., in the Bidding Room of PETROBRAS, at Rue General Canabarro, nº 500 - groud floor - Rio de Janeiro - RJ.

BIDDING COMMITTEE

BIDDING COMMITTEE

Price of wood pulp slips as recovery falters

By Deborah Hargreaves

Wood pulp prices are sliding back as the recovery which began in July has started to falter. Rising capacity in the pulp and paper market is putting pressure on prices for pulp and most grades of paper - and analysts believe the market could go lower before it improves.

Increases in September list prices to \$580 a ton have failed to stick across Europe and pulp producers have struggled to try to impose an October rise on the market to \$620 a ton.

The North American market is bolding up slightly better, with prices pushing \$600 a ton, but spot prices are beginning to slip to \$580 a ton as demand weakens. The spot market is currently trading at around \$565

in Europe and even lower at

around \$500 in Asia, where

price pressure is intense. We are likely to see prices move sideways to down in the near term. There is more downside pressure than upside right now," said Mr Hakan Ostiing, European pulp and paper analyst st Goldman

Sachs in London. A sharp slide in pulp prices at the beginning of the year led producers to try to strengthen the market by taking extended bolidays during the early summer months. But the July upturn convinced most pulp mills that the market had turned and from then on, manufac-

turers were running flat out. This bas led to a large build up of stocks to 1.7m tons from 1.5m tons in June. Traditionally, the market feels price increases can happen when inventories are at 1.5m tops, but we are expecting stocks to increase to 1,8m tons this month," one European analyst said.

Pulp price Northern Bleeched Softwood Kraft pulp (NBSK), \$ per ton 1,000

800 - 19. A 700 . Nov 1995

Weakness in pulp is spreading to other paper grades, with newsprint and lightwaight coated paper prices slipping, but the higher grade paper market is quite strong, with European demand expected to rise four per cent this year.

In Indonesia and Korea, roughly 500,000 tons of paper-making capacity will start up next year, which is likely to keep the pressure on prices. In Europe, a new Scandinavian newsprint machine is scheduled "Capacity expansion in tha

Far East is now a very decisive factor in the pulp and paper market because trade is so global," said Mr Tim Rothwell of Gerrard Vivian Gray, the London brokers. The increase in Asian capacity will limit European

mills' ability to export to the region, which normally takes shipments equal to around 25 per cent of European consumption. Analysts say it is difficult to call the market's direction

but most are pessimistic on prices, "The situation is very fluid, but I think there will be some erosion in prices for the next three to six months," said Mr Ostling. Modo results, international

Fear of rush from gold grips market

bs gold market is gripped with fear that some European counsales of the precious metal from their reserves to help them meet the criteria for monetary union.

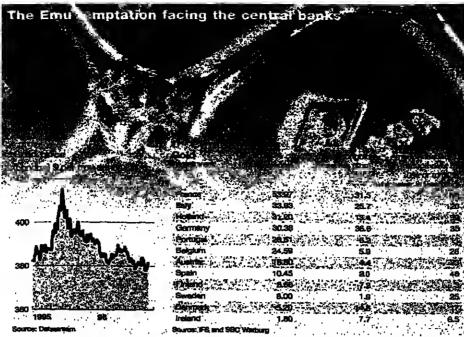
The apprehension understandable. In the unlikely event that all those countries that could sell gold to qualify for Emu did so, it would add up to 2,300 tonnes more than all the gold mined last year.

Analysts are sharply divided about whether any sales are likely. They are all agreed, however, that worries about possible Emu gold sales are giving those who are betting on a fall in the gold price the upper hand in the market at the moment. Among supporters of the

theory is Mr Stephen Yorke, director of political research at SBC Warburg. Ha suggests some European states will be tempted to sell gold to meet their Emu oblectives. "And I think it will happen sooner rather than later - that is, within the first few months of 1997.

"The magic ingredient that could change the attitude of EU member states from theoretical resistance to stealthy participation in unmatched gold sales over the next few months is political desperation and fear." Mr Yorke says.

He points out that between tha end of 1991 and October



alone it has sold 5.2m ounces

in two important ways, says Mr Yorke. "First, Belgium had a relatively high percentage of gold as total reserves. It was argued that the exercise was only a recalibration of reserves. Second, the use to which the money was put was considered a worthy one, that is a reduction of dsbt to help Emu qualification Crucially, tha guardian of the Emu this year Belgium sold 14.9m conscience, tha European ounces of gold. During 1996 Monetary Institute, whole-

heartedly welcomed the Belthat some European central gian initiative. This seal of banks would not sell gold for approval from the forerun-traditional – "soms might ner of the European Central say semi-religious" - rea-Bank would be paraded by sons. "Although a 650-tonne others should they decide to disposal would allow France follow the Belgian example." to meet the Emu deficit cri-Mr Andy Smith, analyst at terion, it is probably safe to Union Bank of Switzerland assume the Louvre would be is far from convinced gold sold first. And Italy would sales will take place, but he have to sell more gold than she owns to meet the deficit admits "innocent bystanders like the gold market are at

Nevertheless, he says, "the prime concern for the gold market is that gold is far from the prime concern of He points out, however, European governments and

with single payment systems, the treatment of those who will not join Emu and the sanity of cows.

"A clear statement from the Europsan Monetary Institute that someone cares about gold getting soaked in this process would help," he suggests.

Ms Rhona O'Connell, ana

lyst at the broker T Hoare & Co, is among those who dismiss the idea that any gold sales will take place. "The idea is an interesting concept but it does not seem to hold much water," abe insists. "In the vast majority of cases, the size of gold sales necessary to reduce the budget deficit to the required level is way too high, and generally considerably exceeds the amount of gold that any of these countries actually hold. For those countries where sales are viable - France, Greece, the Nethsrlands, and Portugal tha only one which, after such sales, would still have an acceptable level of gold in its foreign exchange boldings is France."

But Mr Yorke has another thought to chill any gold bull. "If the EU was to lead the way, the US, clearly the largest gold holder with the worst debt problem, could follow. The risk of the institational support for the gold price being kicked away is perhaps greater than anyone has yet appreciated."

Kenneth Gooding

Oil and refined products move sharply

risk of baing splashed as

Europe scrubs up to meet or

cheat the 1997 entry criteria

MARKETS REPORT

By Deborah Hargreaves and Kenneth Gooding

Oil and refined product prices were sharply higher yesterday as US traders pushed the market ahead on fears over cold weather in the north-east of the US. The North Sea Brent crude

\$23.34 a barrel as a cold spell in the US renewed traders' fears about low oil and products stocks. The December futures contract on the New York Mercantile Exchange was 40 cents higher by midsession at \$23.75 a barrel. Products like heating oil and jet fuel were also stron-

tonne to \$250 a tonne. The

airlines began a three-day meeting in Geneva to discuss increasing some basic fares because of higher fuel prices. Heating oil futures on Nymex rose nearly two cents to 70 cents a gallon and on London's International Petroleum Exchange December gas oil futures increased ger, with jet fuel up \$6 a

by \$5.75 to \$216 a tonne. US spot prices for oil market rose 51 cents to rise came as international liquefied petroleum gas

soared, with propage spot prices in Texas up three cents to 55 cents a gallon.

Exchange speculative buying helped push the price of copper for delivery in three months to \$2,083 a tonne at one stage, the highest for more than two months.

Speculators were banking on the axchange reporting tomorrow another "five-fig-

Zealand deer herds By Terry Hall in Wellington Enropaan consumers.

build New

Farmers

switching from beef in the wake of the "mad cow" scare, have helped push the number of deer farmed in New Zealand to record Deer farmers are carrying

ont a major herd-building exercise. There are now l.5m deer in New Zealand confirming the country's position as the higgest venison and deer velvet producer in the world. In the year to September

last year, farmers culled heavily, reducing the national herd to 1.18m, according to figures from the New Zealand Ministry of Agriculture.

Since then rising demand and prices for venison on world markets, due to the BSE crisis and the launch of the "Cervena" brand on North American markets, has encouraged farmers to hold back hinds for breeding.

So far this season 110,000 fewer hinds have been sent to the meat processing works. Demand for breeding stock is continuing to push up prices at market - making it difficult for processing companies to find animals for slanghter.

Mr Rex Moore, of the Game Industry Board, said herd numbers had now easily passed the previous peak in 1993. One farmer had 100kg hinds to the works. "A trader heard of this and naid him NZ\$100 more each to resell as breeding stock,

ha said. Mr Moore said the greater profitability in the industry was encouraging herd building. "Farmers need to sell a lot less animals to give them the same cash flow they needed to operate profitably

ø,

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE

	Cestr	3 mths
Close	1421,5-22.6	1446-47
Previous	1435-36	1458-59
High/low	1426	1456/1446
AM Official	1425-26	1448-48.5
Kerb close		1442.5-43.0
Open Int.	237,069	
Total daily turnover	59,913	
IK ALUMINIUM AL	LOY (\$ per to	me)
Close	1275-85	1305-10
Previous	1275-85	1305-10
High/low		1311/1302
AM Official	1278-80	1305-10
		1300-302
Kerb close		
Kerb close Open int.	6,411	

Kerb close Total daily turnover 7,339 ■ NICKEL (\$ per tonne) 7085-05 7108-10 7122-24

High/tow AM Official Kerb close Open int. 44,522 8,677 Total doily turnover TIN (\$ per tonne) 5965-75 Close 16,200 6,626 cial high grade (\$ per tonne) E ZINC, spe

1061-62 1064-65

Total daily turnove 20,887 E COPPER, grade A (S per tonne) 2069-70 2151-54

Spot: 16550 3 mine: 16517 6 miles: 16471 9 miles: 16428 HIGH GRADE COPPER (COMEX)
 Sett
 Ony's price change
 High High
 Law
 Voi
 Int

 98.80
 +0.15
 98.50
 96.00
 448
 2.509

 97.90
 -0.05
 96.70
 96.70
 2.72
 22.782

 98.50
 +0.05
 96.00
 95.20
 43
 2.012

 95.50
 +0.05
 96.00
 95.20
 43
 2.012

 94.50
 -2.05
 95.70
 93.60
 3.373
 14.071

 92.00
 -0.10
 88.43
 38.43
 58.43
 58.43

 10.40
 -0.10
 88.43
 88.43
 58.43
 58.43

LIME Closing E/S rate: 1.8540

PRECIOUS METALS III LONDON BULLIÓN MARKET

382 60-352.90 Opening 382.50 231.608 485.546 383.60 231.823 486.021 Day's High s close 381.50-381.90

Loco Ldn Mean Gold Lending Rates (Vs USS) 1 month 2 months 296,30 300,65 6 months

3 months £ equity. 228-230 **Bold Coles** 388.65-391.10 53-55

Precious Metals continued ■ GOLD COMEX (100 Troy oz.: \$/troy oz.)

+0.6 385.8 382.8 31,468 84,198 391.6 -0.4 393.0 390.5 5208 18,683 384.1 -0.4 395.0 394.5 85 8,409 397.0 -0.4 397.5 397.5 2 991 400.3 -0.4 - 5294 38219 M PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.) 123.50 +3.65 123.75 120.00 970 6.078 124.80 +3.75 124.75 121.50 494 1.927 125.90 +3.75 122.75 122.75 77 218 1,464 8,222

SILVER COMEX (5,000 Tray oz.; Cents/tray oz.) 491.8 +1.9 - 26 496.6 +1.9 501.0 494.0 2,660 17,823 501.1 +1.9 503.5 502.0 46 5.738 505.6 +2.0 508.5 503.0 57 5,543 18,225 84,736

ENERGY

		Day's change	High	Low	Yol	(ppp)
Bec	23.74	+0.39	23.84	23,37	33,268	65.851
Jac	23.62	+0.37	23.89	23,25	18,769	70.500
Feb	23.30	+0.35	23.37	23,07	5,637	36,388
Mar	22.95	+0 33	22.99	22,75	3,659	24,531
Apr	22.55	+0.25	22.55	22.39	1,667	17,373
May	22 22	+0.24	22.22	22.08	1.340	13.614
Tetal					65,779	396,333
■ CR	UDE O	L IPE &	Voorre	7		
		Day's change	High	Low	Vol	Open
Dec	23 34	+0.51	23.41	22.98	24,526	35.309
Jan		+0.42				
E-1	22.40	0.41	22 60	22 21	2 450	27 667

22.49 +0.41 22.50 22.21 3.469 27.557 21.97 +0.35 21.97 21.75 1.301 29.300 21.47 +0.33 21.47 21.35 368 9.189 20.50 - 20.44 20.97 50 4.883 HE HEATING OIL WHEX (42,000 US galls; c'US galls)

E GAS OIL PE (S/torme) Soft Pre Granes.

Set 9ay's Price change High Low Vot has 220.50 ~ 220.25 218.00 6,817 0.651 216.50 +5.75 216.75 211.50 9.815 29.571 212.00 +4.75 212.50 207.76 5,924 22.706 206.00 +4.00 206.25 203.50 1,141 9,755 189.00 +3.25 189.00 197.25 752 6,522 192.00 +2.50 192.00 190.25 527 4,822 18,286 82,432 MATURAL GAS KYNEX (10,000 mmBlz.; S/mmBlz.)

NYMEX (42,000 US gails.; c/US gails.)

400.75 +9.25 402.00 393.00 13,623 27,983 Pec 395.00 +7.25 396.00 387.50 9,852 21,020 Marc 368.50 +4.00 372.50 363.00 1,728 3.576 Marc 352.50 +1.25 356.00 348.50 2,674 11,852 Jul 355.00 +0.50 355.50 353.50 28 362 Sep 364.00 +2.00 367.00 364.00 18 180 Dec 27,866 85,982 Total ■ MAIZE CHT (6,000 bu min; conts/56% bushel) ■ COCCA (ICCO) (SDR's/tonne)

Dec 271.75 +3.75 272.00 266.75 56.707 123,124

Now 273.50 +3.00 274.00 269.00 39,986 108.748

Ray 277.00 +3.50 277.25 272.25 12,186 44.478

Lai 279.75 +3.50 280.00 275.50 12.785 83.556

Sap 273.50 +1.50 275.25 272.50 728 4.699 BARLEY LIFFE (£ per tonne)

N SOYABEANS CET (5,000to mir: cons/60b bushe) ■ CRUDE Oil NYMEX (1,000 barrels. S/barrel) SOYABEAN OR. CST (80,000lbs: conts/lb) SOYABEAN MEAL CET (100 tone: S/ton) Dec Jan Mar May Jel Aug Total

70.05 +1.60 70.45 68.25 17.234 37.279 69.90 +1.61 70.15 58.35 15.589 37.002 88.30 +1.36 68.60 66.90 2.325 16.398 63.80 +1.26 66.85 64.75 1.101 9.711 67.10 +0.95 62.15 81.50 382 5.483 59.80 +1.01 58.30 59.35 147 3.002 28,378 127,303

2,690 +0 014 2,680 2,515 22,386 33,888 2,655 +0.012 2,675 2,615 10,152 31,322 2,455 +0.003 2,480 2,435 4,153 15,455 2275 +0 016 2280 2250 1,032 10,533 2,090 +0,010 2100 2,070 333 6,406 2,020 +0,015 2,025 2,006 273 5,763 39,990 190,771

66.90 +1.13 67.10 55 45 14.653 22,379 84.70 +0.74 64.90 83.94 4.775 17.167 64.15 +0.67 84.25 63.60 1.811 7.433 64.50 +0.70 64.57 64.35 408 3.953 66.25 +0.58 66.25 66.20 233 2.925 65.85 +0.63 65.85 66.85 120 1.422 GRAINS AND OIL SEEDS WHEAT LIFFE (E per tonne)

SOFTS M COCOA LIFFE (E/tonne Sett Day's
price change lifgh Levr
95:50 -1.75 96:50 96:50
97:20 -1.85 96:73 97:25
99:10 -1.80 100:90 96:95
100:40 -1.80 102:00 103:00
101:40 -1.85 103:00 103:00
96:90 -0.65 97:75 96:60

272.75 +2.25 273.00 270.00 6,987 30,570 131,735 362,663 91.75 -0.65 92.00 91.75 10 282 93.25 -0.50 93.25 93.25 10 747 94.50 -0.50 94.50 94.50 10 232 93.50 -0.50 - - - 116 92.50 - - - 1 94.50 - - 2 30 1,405 692,75 +4.25 693.00 686.00 2.262 3,403 690.50 +4.25 691.50 683.50 63.665 71,264 690.75 +4.00 691.50 685.00 13,133 35,475 692.50 +4.25 693.00 696.75 5,310 18.446 694.50 +5.00 695.50 688.50 5,384 14.643 693.00 +6.00 692.50 690.00 297 2,083 92,631 154,998

23.08 +0.04 23.22 22.92 13.528 39.269 21.36 +0.09 23.45 23.17 9.286 24.090 23.65 -0.02 23.80 23.53 4.315 20.196 24.00 - 24.05 23.61 1,195 11,146 24.27 - 24.28 24.10 1.417 5,222 24.30 - 24.30 24.25 47 1,446 232.5 +1.8 232.6 229.5 23.510 33,396 224.5 +1.7 224.5 221.5 10.507 18,273 218.7 +2.1 219.0 215.8 7,159 20,744 214.5 +1.9 214.8 212.5 3,207 10,764 214.2 +2.2 214.2 212.0 2,579 7,399 213.0 +2.3 213.3 212.0 497 1,730 47,877 84,611

■ FREIGHT (BIFFEX) LIFFE (\$10/index point) -50 1500 1455 -50 1440 1398 -40 1375 1325 -20 1370 1340 -10 1150 1140 -15 -617

Close Prey 1522 1515 **FUTURES OATA** All futures data supplied by CMS.

Nuts and Seeda
Prices from Kenkko Group: USS a tonne.
Iranian patachics 28/30. Raw [in shell] natiurally opened (round), RPPC ennouncednew crop prices at 3,850 CFR; crop around
75,000 tons, about 50 per cent less than
last year, US almonds (chelled): 23/25
NPSSR up at 5,850 FAS Cattornia. Nov/
Des shioment due to shortize of nonzerel NPSSR up at 5,850 FAS Celifornia. Now/ Dec shipment due to shortage of norparell vanety. US wainuts LHP 20%: 5,500 FAS Callifornia; in-shell Hartley very difficult, price idea 2,350 FAS. Turkish hazalnuts, standard No 1, unstable with Lira fluctua-tions, price idea between 3,500 and 3,600 CFR. Turkish apricols, number one, cold out: for number two, price up at 3,500 CFR Indian cashawa raw: W-320, 5,500 CFR EMP. Spot goods still firm at 5,800 FCA Rotterdam, US pecana, tancy junior mammoth haives, crop 1996, cheapest of US shelled nuts at 4,850 FO2.

918 934 952 967 963 1315 1286 6,780 6,004 1370 1342 9,320 39,432 1382 1363 539 10,068 1406 1382 136 7,142 1420 1400 266 6,099 11 900 17,020 78,693 +5 +16 +19 +16 +9 +9 COFFEE LIFFE (\$/tonne)

1500 -22 1590 1490 341 2,578 1430 -17 1456 1420 3,559 16,449 1370 -17 1395 1386 1,690 8,510 1350 -18 1375 1380 189 4,887 1345 -25 1370 1345 68 591 1350 -20 - 217 1350 -20 - 543 1389 May Jul Sep Total COFFEE 'C' CSCE (37.500bs; cents/lbs) 118.50 +0.30 120.40 117.30 5,136 8,553 111.35 +0.85 112.30 103.75 5,020 14,656 108.00 +0.50 109.40 107.25 776 4,584 106.95 +0.45 108.00 107.25 208 1,102 108.95 +0.45 108.05 108.05 93 773 104.95 +0.45 105.50 105.50 18 COFFEE (ICO) (US cents/pound)

303.7 -0.1 304.6 302.2 432 1,218 303.3 - 304.1 301.4 1,684 74,533 304.1 -0.2 305.1 303.1 148 4,737 305.3 -0.4 305.5 304.1 397 2,206 300.2 -0.2 300.5 299.4 153 1,178 302.1 -0.8 303.5 303.2 23 309 2,857 24,682 ■ SUGAR '17' CSCE (112,000lbs; cents/lbs) 10.45 +0.10 10.50 10.33 7,439 85,011 10.55 +0.05 10.65 10.45 2.202 30,021 10.47 +0.02 10.50 10.42 509 19.316 10.48 +0.01 10.52 10.43 506 11.445 10.48 +0.02 10.52 10.43 506 11.445 10.48 +0.02 10.52 10.48 133 3,899 10.46 +0.02 10.52 10.48 133 3,899 10.46 +0.02 10.52 10.48 133 3,899 10.46 +0.02 10.52 10.48 132 3,899 10.46 +0.02 10.57 10.51 16 803 COTTON NYCE (50,000fbs; cents/lbs)

70.97 +0.67 71.15 70.45 7,182 21,828 73.08 +0.43 73.30 72.68 5,080 17,159 74.29 +0.49 74.50 74.00 1,082 9,842 75.10 +0.37 75.76 75.55 130 1,281 73.78 +0.35 75.80 75.45 808 5,389 75.78 75.78 75.80 75.45 808 5,389 75.45 808 5,389 ORANGE JUICE NYCE (15,000lbs; cents/lbs) 107.30 -4.95 112.00 107.50 701 3.833 99.00 +0.30 100.10 99.30 561 11,510 102.80 +0.30 100.00 102.45 141 8.238 105.30 +0.25 105.70 105.25 77 2.444 107.95 +0.90 107.75 107.75 46 629 109.95 +0.90 107.75 107.75 107.85 +0.90 107.75 107.75 245 628 109.95 +0.90 107.95 109.95 103.95 13 251 721 22,861

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX. CST, NYCE. CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest sense are for all traded months.

INDICES Reuters (Base: 18/9/31 = 100)

Nov 13 Nov 12 month ago year ago 1845.1 1857.8 1871.0 2172.8 CRS Futures (Base: 1967 = 100) Nov 12 Nov 17 month ago year 240,46 240.64 **GSCI** Spot (Base: 1970 = 100) Nov 12 Nov 11 month ago yeer ago 205.19 206.20 210.66 185.29 MEAT AND LIVESTOCK

IN LIVE CATTLE CIME (40,000lbs; cents/los) Sett Dey's
Price change High Low Vol left
67,800 +0.125 68,125 67,55013,889 31,367
64,925 -0.05 65,250 64,525 6,363 22,443
86,300 -0.026 86,350 85,975 3,398 15,098
83,025 -0.125 63,925 63,350 1,073 8,116
83,000 -0.075 63,150 62,800 1,032 8,794
65,472 +0.1 65,575 65,275 182 3,895 57.325 -0.9 58.200 57.250 5.732 11,886 76.375 -0.4 76.790 75.750 3.574 9.512 71.225 -0.825 71.950 71.125 763 3.962 74.925 -0.375 75.150 74.400 450 3,708 72.950 -0.4 72.300 71.500 161 1,238 72,950 -0.4 72,300 71,500 69,100 -0.3 69,250 68,600

PORK BELLES CME (40,000los; cents/lbs) 73.825 -0.275 74.825 71.900 2,068 4,718 73.800 -0.15 74.250 71.850 87 537 74.600 -0.2 75.000 73.100 40 416 LONDON TRADED OPTIONS

Strike price S tonne - Calls - - Puts -

M COPPER COCCA LIFFE Dec

LONDON SPOT MARKETS W.T.I. \$23.84-3.88x +0.530

III OIL PRODUCTS INVEnting delivery CF (tonie) \$112-114

Bacton (Dac)
Petroleum Argus, Tel. Lo Gold (per troy oz) \$ Silver (per troy oz) \$ Platinum (per troy oz.) Palitadium (per troy oz.) +2.15 +6.00 -1.25 +0.50 492,50c \$396,75 \$112,75 102,0c 45,00c 14,80r 279,50 +0.11 +6.00 Tin (Kuala Lumpur) Tin (New York)

Cattle (live weight) Sheep (live weight) Pigs (live weight) 103,42p 137,81p +9.48° -1.38° \$259.40 \$307.30 £100.4 Rubber (Dec)♥ Rubber (Jan)♥ \$1.50p \$1.50p \$21.0z Rubber (KL RSS No1) -1.0 Coconut Oil (Philis Paint Oit (Metay.)§ Copra (Phil)§ Soyabeane (US) Cotton Outlook'A' Index +5.0

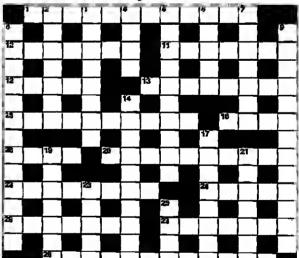
already at a six-year low.

Strong selling was seen On the London Metal when the price reached exchange speculative buy- \$2,075 and the market was also unsettled by a revelation from the World Bureau of Metal Statistics that there seemed to be substantial unreported copper stocks in Rotterdam, Three-month copper was at \$2,060 in late

trading, up \$15 on Tuesday. last year," he said. JOTTER PAD

CROSSWORD

No.9,224 Set by HIGHLANDER



ing live in work together (3.2.7)
10 Explore a mathematical

11 Stage riot against Italian river police (7) 12 Port in Morocco, thanks to boozer, is circulated from right to left (5)

13 Airdrop is an unexpected stroke of luck (8) haps? (4)
18 He created the invalid Bun-Gypsy (4)
20 Potentially violent person joins Hitchcock film course

lions turned on Roman statesman (8) 24 With support, 5-0. Well 26 State elected a girl (7) 27 Are women's clothes on a

man a beastly provocation? 28 Add European group to my operation (12) DOWN 2 Severely criticise one's clothing (7)

3 Deny it if it's wroog place 4 Group of motorists goes over parking area to com-plain (4) mistake (10) America made less difficult

7 Labour are behind, first five are in (7) 8 Proudly displays piece on board, revealing good atti-tude to games (13) 9 Complete support on most of the untrimmed areas of course (6,7)

15 Being unlikely to slip certainly paid (4-6)
16 Sounded like oavy, per-dants prepare for domestic residence (5-5) dants prepare for domestic residence (5-5) 17 "Not out!" protest is not an bury part from the musical 19 First-class degree is relative (7) 21 Cbaracters deliberately

confused a borse with a sheep (7) 22 Short, clipped and separate 23 Eat like a horse, with cold pork pie to start (5) 25 Cut short family man (4)



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- 18



In search of a place in the world

Nikki Tait asks whether the government's middle course between swift and slow change can be held

when the conservative Liberal National coalition won its first election in 13 years, Mr John Howard promised to govern for all Australians. It was a statesmanlike sentiment on the part of the new prime minister, and many of his countrymen - including those opposed to the coalition's policies - applauded.

Today, almost one-quarter of the way through the government's three-year term; the difficulties inherent in achieving this goal are more obvious. Quite simply, many Australians appear divided over what pace of internal change they would like to see (or are willing to tolerate) as their country battles to find its place in an increasingly competitive global environment.

Australia began to hitch its fortunes to the interna-It floated the currency, factor was missing. Opinion brought down tariff barriers, polls ahead of March 2

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resource stocks listed on ASX

and diversified resources stocks

and services including:

the size and value of Australia's

£50 billion.

resource sector.*

ight months ago, and deregulated financial markets. As established industries struggled to compete, a process of "micro-economic" reform was also put in place, with the former Labor government pledging to open up sectors like transportation, telecommunications and energy, as well as

> In addition, links with the Asian region were strenuously pursued - at least partly in the hope that Australia could boost trade with its closest neighbours.

The March election result was, in many ways, a judgment on this strategy. When the electorate tossed out Labor in one of the biggest electoral swings ever seen in Australian politics, it. seemed to be saying that the economic results had fallen short. Although ministers could point to four years of unbroken growth, even they tional economy in the 1980s. conceded that the "feelgood"

This dissatisfaction, however, had two distinct roots. The problem for the business community - both small firms and large - was that restructuring had been too slow. Micro-economic reform, in particular, had been prone to slippage. This was blamed partly on Labor's closeness to the union movement: small businesses, for example, complained hitterly about the

the labour market. tougher unfair dismissal laws which had been one of the trade-offs for union support of lahour market deregulation.

But for a streable, blue-collar portion of the electorate - sometimes termed the "battler" vote - the problem was more one of too much change. Restructuring of the industrial base had left nnemployment levels high, prompting some backlash against immigration levels and Labor's aggressive "multiculturism". Privatisation had been pursued despite pledges to the contrary.

Now that it holds office - package's contents.

suggested that the economy the coalition government was the primary concern for has the difficult task of keeping both these elements on side. To date, Mr Howard's solution has been to move cautiously.

True, the coalition's first

budget was austere. It paved

the way for spending cuts of A\$4.45bn in the current year. and A\$7.2bn in 1997-98, in a quest to achieve a fiscal surplus by 1998-99. Financial markets applauded; the differential between Australian and US bond yields dropped to under 100 basis points compared with over 250 basis points earlier this year. But the savings were secured largely from employment programmes, higher education fees, and the public service. High-income earners were also stung by increased taxes for superannuation, luxury car leases and healthcare. "Middle Australia", by contrast, was relatively well-protected, enjoying tax cuts and health rebates which, if not large, at least offset some of the harsher measures. "For most of us," was how one newspaper headline summed up the

Immigration levels, too. were cut for 1996-97 shortly after the new government took office. More recently, the "race debate" has resurfaced in virulent fashion with Ms Pauline Hanson, a new independent member of parliament, using her maiden speech to express

her opposition to Asian

immigration and the level of

aboriginal welfare. Again, the prime minister has repeately declined to criticise her, although he did stress a commitment to a non-discriminatory immigration policy. Only when the issue was picked up by the Asian press, and talk of implications for tourism and the sale of educational ser-

vices became rife, was a

bipartisan motion passed in

parliament. Even on the labour market front, the approach has been less than purist. The coalition's plans for reform were toned down going into the election, and have since heen amended further to ensure parliamentary support. At the end of the day. the package will allow employers far more freedom

-reform front.

Meanwhile, some difficult issues will need to be negotiated in the year ahead. The domestic car industry,

for example, is currently than Labor's earlier reforms. subject to a review by the Meanwhile, a few areas of Productivity Commission, potential reform are off the one of the economically agenda altogether. On the "dry" government agencies. tax front, there have been At stake is the question of tariffs, which have been fallattempts to close off looping more slowly on cars, holes and, more contentiously, clamp down on after 2000. Already, some research and development manufacturers have seized allowances. But the big the chance to lobby for a issue - whether Australia should switch to much reduction programme - a move which may test the greater dependence on indirect taxation - has been government's "free trade" ruled out during the current credentials.

Similarly, a review of the parliamentary term. Politically, this approach financial services industry is is hard to fault. By late Octoalso underway. This is likely ber, opinion polls had the to determine how the sector coalition's primary vote should be allowed to restrucstanding at 51 per cent, com-pared with 47 per cent on ture - in particular, whether the larger banks and insurelection day. Support for ance companies should be Labor, hy contrast, had permitted to merge, and the slumped to its lowest level in traditional demarcation lines seven months. A by-election - the first of the new parlia-The economy, meanwhile,

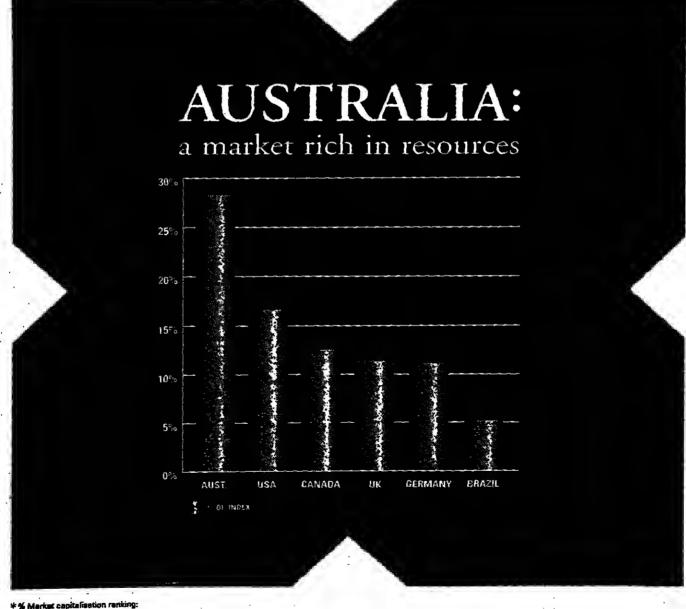
ment - returned an outer Sydney seat to the coalition appears to be flagging. Although the June quarter candidate by an even larger margin than in March. growth running at a seem-One question is whether ingly healthy 4.5 per cent this middle course can be year-on-year, growth in the maintained. Industry is June quarter alone was only impatient to see more prog-ress on the microeconomic 0.1 per cent. Since then, a wealth of

unemployment figures - has suggested that the environment remains sluggish.

With inflation no longer a threat, the response has been two interest rate cuts one in late July and the second this month. The hope is that investment and consumer confidence will pick np again, allowing budget forecasts of 3.5 per cent growth in 1996-97 to be met. But even the Reserve Bank has noted the two-tier

freeze of the existing tariff nature of the economy at present. "Although ... forecasts of overall profits are positive, there is a widespread perception that profits are poor. In part, this reflects the different sectoral performances: manufacturing is going through a lean period, in which services, particularly finance, are per-forming strongly," it said in its last quarterly economic report.

In the end, the biggest question is whether Australia can afford to pace changes to suit its own domestic agenda. As if to national accounts showed illustrate this, earlier this month, a private sector report commissioned by the industry department highlighted the extent to which Australia was losing out to Singapore and Hong Kong in .. data - from retail sales to the financial markets area.



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11

Measured beginning

Foreign and trade policy will continue along lines similar to Labor's

Three weeks ago, voters in western Sydney got the first chance to deliver a ballotbox verdict on Australia's new conservative federal government. A by-election, the first since the March 2 federal election, was called in the once-safe Labor seat of Lindsay. The result was resoundingly supportive of the new administration: the Liberal National coalition's candidate was returned with a favourable swing of 4.7 per cent - on top of the 11.5 per cent which she enjoyed in the election.

Whilst there were some special factors at work, few commentators took issue with the conclusion drawn by Mr John Howard. Australia's prime minister.

Voters, he said, were simply confirming the desire for change which they bad expressed in March when they ended 13 years of Labor rule with one of the biggest electoral swings in Austra-lia's political history. "We didn't make a mistake, we wanted a change, ... and if after two or three years we don't like what [the new government is] doing, we'll do the same thing to them as

we did to the other mob" was how be summed up Lindsay's message. A change is certainly what Mr Howard is delivering - although not always in the pro-active sense. Gone is the adventurous style of the former Keating government, with its outspoken social policy objectives and highprofile quest for "engagement" with Asia. Instead, the first six months bave

election manifesto. The chief policy moves, for example, have involved the introduction of two bills out-

been low-key and in line with a middle-of-the-road

industrial relations reform package, which has now been slightly modified to ensure parliamentary support, and the still-contentious partial privatisation of l'elstra, the telecommunications glant

An August budget was convincingly sterner than anything Labor hed offered, and aims to move Australia to fiscal surplus by 1998-99. In pursuit of this objective, Labor's labour market pro-

grammes will be largely unwound, higher education charges raised, and the public service cut back. But even this package was somewhat less austere than originally outlined, with the balanced budget target being achieved over three yeers rather than two.

Perhaps the only real surprise was the push for tougher, uniform state gun laws in the wake of the Port Arthur sbootings - an initiative made difficult by deep-seated state-federal government sensitivities and driven largely by the prime minister himself.

in part, this start appears to stem from a conscious reading of opinion polls. The Australian electorate is extremely conservative. The Keating government's desire to push through a fairly radical agenda on the socialcum-constitutionel front - native title rights, for example, or the embryonic debate on the cutting of ties to the British monarchy - was arguably a big factor in its downfall.

Mr Howard's election strategy was to make the coalition as small a target as possible, and minimise the degree of upbeaval promised. "Relaxed and comfortable" is how be famously described his view of Australia to one interviewer.

Lack of ministerial experience may be a second reason for the cautious start. This was a predictable hazard for the new government, given that the coalition had been lined in the campaign - an out of office for 13 years, and

Origins of GDP* Transport and communications 9.1% Finance and Construction 6.3% services 12.1% - Public Manufacturing 18.2% Ownership of dwellings 9.6% Primary production Other services 18.8% and mining 7.6% Source: EU

only a couple of members (aside from Mr Howard) had any ministerial experience. The third factor is more technical. Despite the large election victory. Mr Howard did not end up by controlling the Senate, parliament's upper bouse, which works on a stata-based, proportional representation system. If Labor opposes government measures in the Senate, the coalition needs two votes from the minor parties - the Greens or the Australien Democrats - or from the two independents to ensure that its measures pass.

John Howard: remains mindful

match up. The axeing of a

soft loan aid scheme raised

some concerns; conversely,

the concentration of ministe-

rial visits on the region has

On the trada front, the

commitment to free trade

has been reaffirmed - al-

though the industry lobby

has quietly stepped up pleas

for a more "pragmatic" and

flexible approach. Here, the

test may come over the local

car industry, which has, to date, enjoyed e slower reduc-

issue is currently being con-

Commission, the govern-

If the coalition has been

feeling its way into govern-

ment, Labor has had even

bigger problems coping with

the transition to opposition.

Former ministers publicly

mourn the loss of pow-

er - with Mr Gareth Evans,

the former foreign minister,

impotence and irrelevance.

ment agency.

been taken as a plus.

At one stage, it looked as if Senate obduracy would lead to a "double dissolution" (when both houses are dissolved simultaneously and fresb elections called). This possibility has not disappeared. However, successful negotiations bave been beld with the Australian Democrats to ensure that the industrial relations package passes, and there is et least a chance that the Telstra bill will win backing from the two independents. That would leave certain budget measures and proposed changes to the Native Title Act as the main bones of

contention. But the foreign policy reception is more ambiguous. According to ministers, foreign and trade policy will continue on similar lines to those espoused by Labor. Engagement with Asia is given top priority, although the caveat is now usually added that this need not be at the expenses of older ties.

For the moment, though, many Asian countries seem to he politely suspending judgement, waiting to see whether rhetoric and action ■ Superannuation industry: by Bethan Hutton

asting state of flux

seems to be shifting from

As priorities change, a period of stability is needed for study of the options

Australia's retirement planning industry has been in e state of constant flux for several years now, and there is no sign of any end to that under the new government.

The superannuation industry is still waiting to see axactly what the Howard government's retirement incomes policy will be, but it was given e few tasters in the first budget in August; a surcharge on superannua-tion contributions by higher earners; the introduction of Retirement Savings Accounts; and a promise to review the tax cuts promised by the previous government, due to be delivered in the form of matching superannuation contributions for

Superannuation funde under management had been set to grow axponentially with the Labor government's plans for increasing compulsory contributions by employees and employers Funds were projected to grow from A\$250bn today to A\$600bn by 2003, and around A\$2,000bn by 2020.

"The growth of funds is probably not going to be as rapid as had been anticipated, but there is still significant growth," eays Mr Kevin Casey, manager for compliance and legislation at AMP Superannuation.

The general emphasis

promoting compulsory superannuation schemes, in order to ensure e satisfactory retirement income for almost all workers, towards giving individuals more choice in what they do with their savings.

The new government got off to a bad start with the superannuation industry by introducing the 15 per cent superannuation surcharge for high earners (defined as starting from A\$70,000 to

A\$85,000 per annum). The industry is annoyed not so much at the fact the surcharge was introduced but because the government did not consult it over the collection system, which, the big life companies say, is unnecessarily complicated and costly. Discussions are continuing on that point, but the government shows no signs of backing down.

Another innovation in the budget was greeted more warmly; the introduction of Retirement Savings Accounts (RSAs), a new form of superannuation to be offered by banks, building societies, credit unions and life offices.

They will not have e trust structure, unlike existing forms of superannuation. but must have a capital guarantae. The concept of RSAs has been welcomed by the banks, but the life offices have been more muted: RSAs will be suitable for people nearing retirement, who need low risk investment options, or for low income earners with only small amounts to invest,

they say, but consumers must be made eware of the difference between RSAs and conventional auparannuation funds, which can offer higher returns over the long term.

Australia suffers from two problems familiar to many developed countries: an ageing population which bas grown up to believe that if it pays its taxes, the govern-ment will provide for it in old age, and a generally low voluntary savings rate.

Some elements of the tra-ditional superannuation system contributed to this: employees leaving a company used to be given immediate access to their superannuation contributions, even if they were not retiring. What wera intended to be long-term savings were thus often used to tide people over periods of unemployment, or pay off mortgages and other debts.

This problem has been tackled, but one ralated area which successive governmants have so far seemed reluctant to deal with, however, is the habit of taking superannuation proceeds as a lump sum, rather than a regular pension.

Thie can mean that the lump sum is used to pay off a mortgage and the retired person later claims state benefits. This may be too sensitive an issue for the new government to tackle immediately, but it does require attention.

There is also tha question of where the growing pools of money should be invested. Unlike the UK and many

other countries, there are few restrictions on investment. Thie freedom could mean that more money can be expected to go oversees, or into high-risk, high-return instruments.

Book and the second sec

The government will be hoping that the money stays closer to home, being funnelled into infrastructure projects: there is no shortage of plans for airports, roads and Olympic developments which will require financing. The growth of funds could also promote the development of new types of invest ment instrument, such as Kangaroo bonds: Australiandollar bonds issued by over-

seas entities. Under the Labor govern ment, unions had consider able influence over the investment destinations of large portions of superannuation funds. That influence is set to be gradually eroded under the new government, with more choice givan to individual investors. Some industry observers are warning, bowever, that unless there is greatar consumer aducation on investment matters, freedom to choose could lead to poor investment decisions.

The Australian superannuation system is far from perfect, but if you ask someone in the industry what development would be most welcome, the answer could be surprising: a period of stability, so that all the changes to date can be assimilated, consumers can begin to understand their superannuation options, and providers can get their costs under control.

■ Telecommunications: by Bethan Hutton

Rough path to follow tion in tariff protection than most industrial sectors. The sidered by the Productivity

New entrants are likely to be carriers in name only, reselling

existing capacity The next year should bring the last big step in the deregulation of the Austratalking frankly of a sense of lian telecommunications market. It may also bring the stock market flotation of Australia's two largest com-

panies in that sector. The road to deregulation and market listing is proving to get the best deal. I am to be anything but smooth. The date set for full opening of the market - was decided more than two years ago, by the previous Labor government, but the change of government has delayed the legislation. As the date approaches, it is looking increasingly doubtful that the new conservative coalition will get the relevant legislation through parliament in time.

The official line is still that a market opening bill will be passed before Christmas, but it has not yet been introduced, and the government has a serious parliamentary backlog, including vital budget measures. Some pessimistic voices are now predicting that the legislation may not be passed until

around March next year.

At the moment, there are only two licensed full-service telecommunications carriers: Telstra, the government owned former monopoly, and Optus Communications the newcomer, wblcb

entered the market in 1992. The latter has spent the last four years building up its market shere long-distanca and mobile telephone markets, and investing heavily in its own national infrastructure. It started offering local calls in June this year, using the cable network of Optus Vision, a cable TV company in which it has a 46.5 per cent stake. Subscriber numbers are still low, and limited to the areas covered by the Optus Vision network, but the number of potential

users is growing steadily. From July 1997, the mar ket will be thrown open to ell comers. Barriers to becoming a carrier will be minimal; the infrastructure requirement will be as littla as 500m of line, according to government discussion documents. This could mean that some large companies and utilities with extensive private infrastructure could find themselves unwillingly categorised as telecommunications carriars. The status carries responsibilities such as contributing to the cost of universal service provision (quite considerable in e country with many isolated farms) and the industry's regulatory body.

It is unlikely that any new entrant will aim to set up an interstate infrastructure to rival Telstra and Optus, not only for cost reasons, but

also because obtaining plan- after 1997 will be entirely ning consent will become much more difficult next year. Optus has been able to roll out its network without obtaining permission from each local authority along the route, but in future companies will have to do that.

Mr Paddy Costanzo, policy manager at Optus Communications, says: "What that will tend to produce is carriers who are carriers in name only, relying on competition between Optus and Telstra pretty sure you will not see another Optus-type carrier."

Inste expected to concentrate on reselling Telstra and Optus' capacity, and possibly building small amounts of infrastructure for specific market segments. They are most likely to emerge as niche providers for businesses and large organisations such as local governmenta, or lowcost local service providers

for retail consumers. Not all the companies

new entrants. British Telecom, for example, has already been active in the Anstralian market for almost e decade, mainly providing specialised services to multinational companies.

It recently pulled out of the resale market - huying bulk capacity from existing carriers and selling it on to consumers - but has yet to announce its post-1997 strategy. AAP Communications, e local venture, has been active in the resale market and is well-placed to tap the new market opportunities.

Although telecommunications is one of Australia's fastest-growing industries, most investors have had no access to that market sector. That is set to change, with floats planned for both Telstra and Optus Communications - but investors are not holding their breath.

The new government is baving difficulty carrying out its manifesto commitment to the partial privatisa-

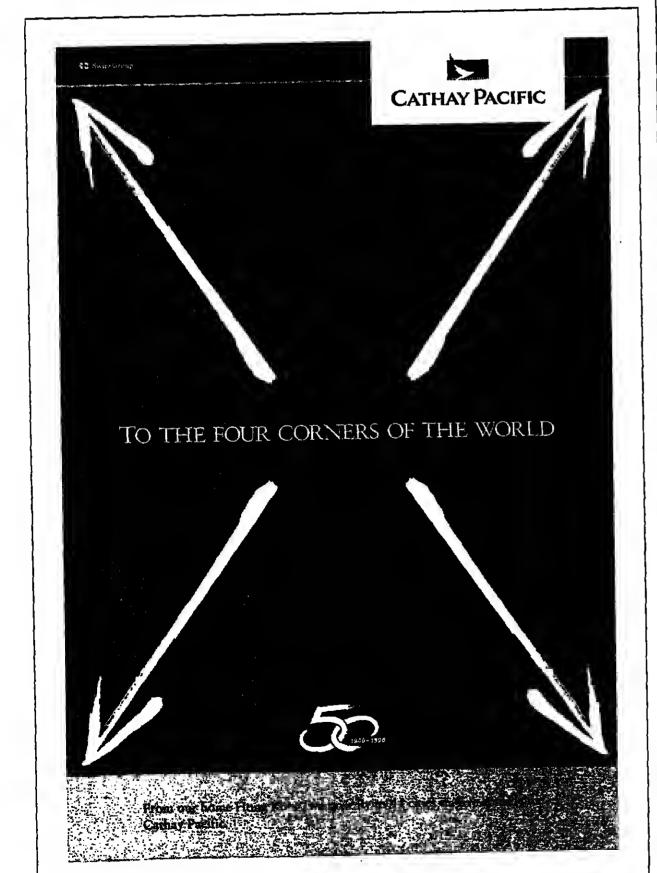
sell off one-third of Telstra, and had hoped to gain broad support for this by pledging Asibn of the proceeds to an environmental fund.

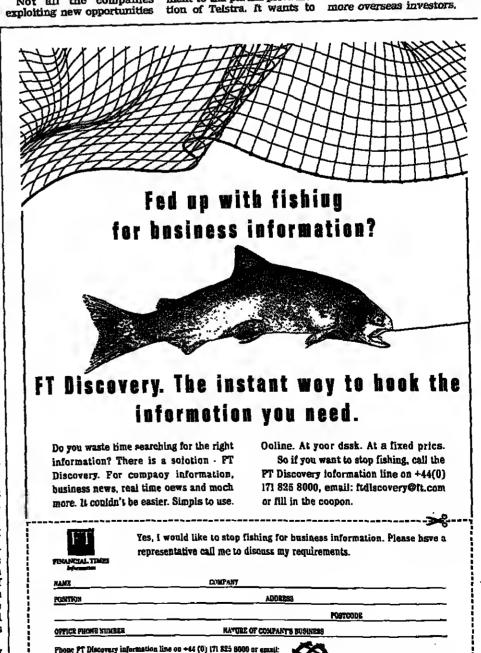
This has not convinced the minority Green and Democrat parties, which hold the balance of power in the Senate. The Telstra bill has been delayed by referral to a parliamentary committee, and even if the government succeeds in pushing the measures through, action is unlikely until well into next

Optus Communications also announced its intention of seeking a stock market listing earlier this year since then it too has run into difficulties. The float, which had been expected towards the end of this year, may now be delayed because of e legal dispute with Channel Seven, e television company. over Optus Vislon. There may also be problems with the Foreign Investment Review Board, as a float would be bound to attract more overseas investors.

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Mineral resources: by Bruce Jacques

Boom's bad resonance

Major plans for expansion could be held up by patchy financial performances

DW

The boom word is being used again about the Australian resources industry. And it is making most of the big corporate participants nervous. They remember well the run of play in the 1970s when the phrase "resources boom" became a political byword.

What ensued was a kind of boom - but in spending, not earning. Governments and organised labour staked their claim on industry pro-ceeds long before a wave of expansion spending yielded returns. The result was a syndrome accurately dubbed profitless prosperity" for the industry's investors.

The influential private economic research group Access Economics bas identified up to A\$60bn-worth of resources projects already well into the planning stages, with about 25 projects worth more than A\$20bn due for commitment in the next year. Western Australia has emerged as the national reacurces "hot spot", accounting for more than half of the likely near-

term expenditure. Many of these projects have been mooted for some years, but have become imminent through a combination of factors such as sustained low domestic inflation, failing interest rates, mistiming by Australian and commitments from customers in fast-growing Asia-Pacific aconomies. How in copper mine production in many of them go ahead 1995-6 with another 9 per - and who will enjoy the proceeds - depends on a raft of unresolved issues overhanging the industry. Environmental concerns are in 1996-97, but much of the ever-present, and resources companies continue to press for changes to Native Title legislation which has institutionalised lengthy negotiating processes with indige-

nous populations. with industry leader RTZported by the federal governunion-based award system. Assen for the first time.

with individual contracts. A fundamental difference with the new "boom" is that many of the current projects wili involve significant increases in the domestic processing of Australian minerals - a strategic shift that will help to reduce the industry's reliance on basic commodity prices and blunt long-standing accusations of

e basic "dig it up and ship it out" mentality. Yet the resources industry face's a dichotomy. These large-scale expansion plans are being considered against the background of a patchy financial performance in the latest year. The metals sector has remained generally weak, with a mid-year rally in prices proving short-lived. Copper has been the diffi-

cult metal for Australia, casting a long shadow over corporate performance because of its effect on the The shelf - already Australia's biggest resource project - involves some of the world's biggest energy country's leading resource groups including Shell, Britgroup, BHP. The company's ish Petroleum, Chevron, Mit-sui, Mitsubishi and BHP. profits have been severely curtailed by an ill-timed The chief local partner is A\$3.2bn move into the big Woodside Petroleum, 34 per league of world copper procent controlled by Shell. ducers with the takeover of In uranium, at least three new developments costing US-based Magma Copper. The Australian governmore than A\$500m look ment's commodities research likely in the next few years, arm, ABARE, is forecasting with reserves earmarked for perhaps a dozen more projects if markets permit in the

a further 7 per cent decline in world copper prices in 1997 following a decline of almost 25 per cent in 1996 as effects continue to flow from the Sumitomo trading scandal. And ABARE has revealed a masterpiece of companies which are set to follow a 28 per cent increase cent rise in the current year. The result forecast is a 10 per cent increase in Austra-lia's copper export revenue

ABARE is also forecasting growth in fron ore exports, but a year of consolidation for gold, although it will remain clearly Australia'a Labour relations have also second biggest mineral entered a difficult period; export; worth almost tralian petroleum exports A\$5.5bn. Further growth is try's largest mineral export, ment, to scrap the trade coal with receipts exceeding

business is likely to be done

Economy: by Nikki Tait

Index (1989-90-100)

Other minerale

. . .

But coal's growth is likely

lian energy sector - petro-

leum and uranium. The

petroleum sector looks like

of planned resource spend-

ing with the announcement

that partners in the North West Shelf project, off the

West Australian coast, are

closa to committing around

A\$6bn to a near-doubling of

ERA, which already pro-

duces about 6 per cent of the

Western World'a uranium

from its Ranger mine in the

Northern . Territory, bas

plans to double output

through development of the

nearby Jabiluka mine. Com-

panies including Western

Mining, RTZ-CRA, Denison

and Cogema also have new

mines or expansion plans that could be speeded up to

take advantage of rising

ABARE is forecasting a

further 17 per cent rise in

uranium exports to about

A\$810m in 1997 following a 80 per cent rise in the cur-

rent year. It is also forecast-

ing a rise of almost 20 per

cent to about A\$2bn for Aus-

next year. That would com-

predicted 7 per cent rise to

A\$37bn in total 1996-97 min-

erals and energy exports.

component of a

market prices.

LNG export capacity.

120

Transforming policy by stealth

The social and economic effects of the budget are under serious scrutiny

To some, it is economic rationalism by stealth. To others, it is the hare minimum required to remove the growth constraints on Australia's business sector. What no one disputes is that economic policy in Australia has undergone a significant shift following the change in to be outpaced by the two recent stars of the Austragovernment on March 2

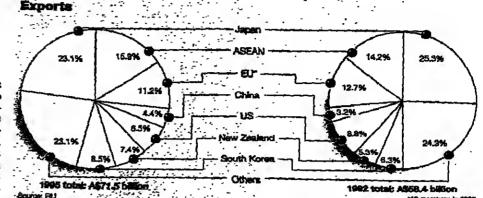
The extent of this change was confirmed in late August when Mr Peter Cosaccounting for a large chunk tello, the new federal treasurer, handed down the first Liberal-National government budget for 14 years. In ft, he laid out a range of cost-cutting measures and tax concession eliminations. designed to move the government's finances from a deficit of A\$10.8bn in 1995-96 to a A\$1.2bn surplus by

A similar balanced budget target had been avowed by the former Labor administration. But Labor's efforts to close the gap were hampered by its social policy objectives - in particular, a conviction that direct intervention in the labour market was necessary to tackle unemployment, which bas remained at over eight per cent since the last recession.

The new government, whose conservative ideological bent allows it to put more reliance on market mechanisms, faced fewer constraints. The August budget, for example, largely dis-mantled Labor's "Working Nation" labour market programmes in the quest for expenditure . reductions. Spending in this area is due to fall by about A\$1.7bn over tha next four years.

It also paved the way for a pruning of the public service, and sharply reduced federal grants to the state governments. Higher education charges were raised and higher-income earners threatened with an additional health service levy if they falled to take out private health insurance.

Pew expect the coalition's medicine to end here. talked of renewed emphasis on microeconomic reform An industrial relations bill.



which would extend labour market deregulation considerably further than Labor's own reforms, is also moving (with difficulty) through parhament. Shipping/waterfront reform has been flagged, and ministers bave already reviewed New Zealand's

progress in this area. The business sector, meanwhile, would dearly love to see a large measure of tax reform. Unusually among developed economies. Australia has no general consumption tax, and thus ralies heavily on income taxes to raise revenues. The idea of a "goods and services tax" formed part of the coali-tion's 1993 election pitch, although the electorete's aversion to this was widely viewed as a reason for Labor's return.

The rationale for all these moves - budgetary balance, microeconomic reform, even the possibla shift to more indirect taxation - is fairly simple. Since the early 1970s, Australia has been dogged by two economic bogeys: high inflation and a tendency to run large current account deficits. In recent times, too, its household savings ratio has slumped to extremely low levels.

The inflation threat has receded during the past five years. But Australia's propensity to suck in imports -both cspital and physical goods - when economic growth is strong remains

The danger was last demonstrated in 1994 when the growth rate topped five per cent and the current account

deficit for 1994-95 surged to around six per cent of GDP. The official "cash" rate was raised from 4.75 per cent to 7.5 per cent and remained at this level for 18 months.

By running a balanced federal budget - or, better still a surplus - the government would stop compounding the shortage of private sector savings. A GST might also help to curtail private sector consumption demand. Meanwhile, a sharper pace of microeconomic reform should boost international competitiveness and aid the export sector.

Against this background, a big debate continues over the detail of the appropriate pace of economic change. Tha business sector and financial markets would like this to be rapid. On budget day itself, there was some

disappointment that the coalition's original deficit reduction targets - which would have moved to a balanced budget by 1997-96 - had been undershot.

Ellis, chairman-designate of BHP, Australia's largest company, has stressed the need for urgency. "Federal and state governments have an enormous way to go to remove impediments to world-class economic and

More recently, Mr Jerry

social performance," be told business forum in Canberra last month. By contrast, the government's opponents argue that cost-cutting has already been pushed to a point where it is not only socially unacceptable, but could even tilt the economy towards recession. For example, the Australian Democrats, the

largest of the minor parties holding tha balance of power in parliament's upper bouse, think that cuts of A\$4bn-A\$5bn over two to three years would be wiser.

In truth, the accuracy of these different viewpoints will depend largely on how the business sector responds to the new economic environment. Treasury forecasts

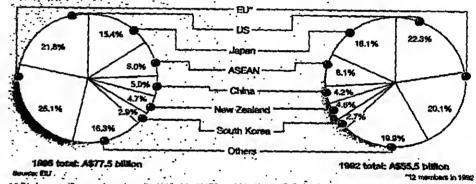
suggest that the economy will grow at around 3.5 per cent in 1996-97, although they also predict that the current account deficit will remain at about A\$20bn (or four per cent of GDP) and unemployment at an ugly 8.25 per cent.

But that sort of growth rate is towards the optimistic end of private sector predictions, and assumes a 14 per cent increase in private investment levels. Pessimists, by contrast, note that the economic growth rate in the June quarter alone dropped to a 0.1 per cent.

Down in the country's boardrooms, senior executives seem to equivocate. Many say that the budget has been helpful in broad terms, and that publication of the package has certainly removed some uncertainties. But they also add that it has not significantly altered the conditions under which they are operating in the short

The latest quarterly business survey, conducted by the National Australia Bank, found that "most businesses expect little impact from the budget, although a small net balance of respondents expected a negative impact especially in manufacturing and retailing."
The last point may be per-

tinent. Thare have been strong signs of schism developing in Australian industry, with a few sectors, like telecommunications or mining, posting healthy, double-digit growth rates, while others, such as retailing or construction, struggle



Banking: by Bethan Hutton

Interesting times ahead

The Wallis report could speed up far-reaching changes already under way

The Anstralian banking sector could have an interesting year ahead A government review of the financial system, combined with the pressures of domestic competition and globalisation, could lead to substantial consolidation and restructuring among the main partici-

Australian banks have already undergone several bouts of deregulation over the last 15 years, but Australia remains overbanked by international standards, and its banks hove been insulated from the wave of international banking mergers and acquisitions. These characteristics are set to change.

One of the first acts of the coalition government, announce an inquiry into the financial system, to be chaired by Mr Stan Wallis, former managing director of tha paper company Amcor.

The Wallis Inquiry has taken submissions from all sides: the banks, other financial institutions, industry and consumer organisations. regulatory bodies and interested individuals. It issues a discussion paper later this month, and holds public hearings before it is due to

report in March 1997. The brief is to take stock of financial regulation. establish a coherent regulatory framework for overlapping financial products, and find ways of dealing with financial and technological innovation, with the aim of ensuring that the financial system and regulatory framework remain internstionally competitive in

changing conditions. . One current former of the Australian financial land-Mpe seen as almost certain to disappear as a result of the Wallis inquiry is the "six pillars policy", a legacy of the former Labor governthank. The "six pillars" condept refers to the four big-

gest banks and two main life companies - National Australia Bank (NAB), Australia and New Zealand Banking Group (ANZ), Westpac Banking Corp. Commonwealth Bank of Australia, National Mutual and the AMP Society - which are banned from merging with each other, in e policy aimed at preserving competition.

Mr Wallis has said he will consider this, and will also review the remaining restrictions on foreign ownership and competition. All six pillars, in their sub-

missions, have argued for an end to the policy, but several smaller firms, which could be threatened by the creation of large bancassurance groups, have argued against

The stockmarket has already been enlivened by frequent rumours of bank takeovers, ahead of a relaxation of the rules. One of the most recent was speculation that NAB was preparing for an assanit on WestPac. Potential foreign buyers are also rumoured to be lining up for several of the big four banks, auch as aupposed interest in ANZ on the part

Meanwhile, the market is already changing within the constraints of the six pillars policy. Consolidation is tak-ing place among the smaller regional banks and insurance companies, such as the takeover of State Bank by Colonial Mutual, and the takeover bid by St George Bank for Advance Bank.

St George has been seeking takeover targets for

some time, in what could be interpreted as an effort to protect itself from takeover: the likely predator is National Australia Bank, which still holds a strategic stake in St George.

More ambitious is the proposed four-way merger of Metway Bank, Suncorp (an insurance group), the Queensland industry Development Corp, and Bank of Queensland to create one of country's largest financial institutions. The plan, devised by the Queensland state government, was immediately dnbbed "Queensland Inc" by market commentators. The Bank of

regulation submitted to the

A common argument is

Queensland, however, is so far refusing to co-operate, and three members of the Suncorp board have resigned in protest. The future shape of Australia'e regulatory framework is another key issue for the Walks inquiry. Views on

inquiry are widely varied. National Mutual and NAB, together with the tressurer, Mr Peter Costello, have come out in support of one megaregulator to govern the whole financial system, in of Standard Chartered. place of the current array of authorities. Others, such as the Commonwealth Bank, Westpac and ANZ have argued for more moderate reform, amounting to a streamlining and reorganisation on more logical lines of the current system.

that regulation abould become more product-based, rather than institutionbased. At the moment,

Australia Ali Ordinadia Inden

unions and other institutions can offer products with broadly similar functions. but governed by completely different regulations depending on who is offering them. This is confusing for consumers and distorts the market from the institutions'

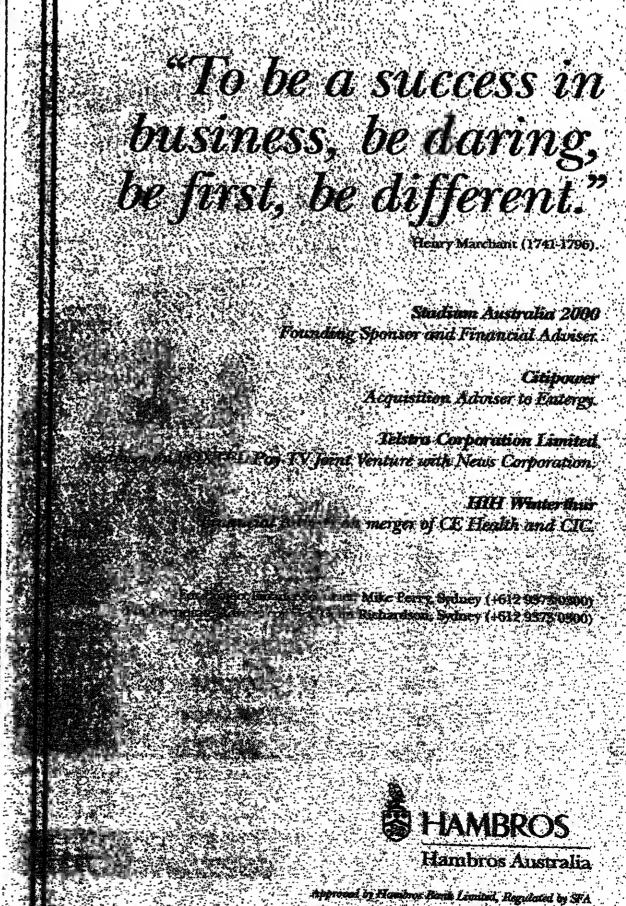
Australians have traditionally been early to adopt new technology, from micro-waves and VCRs to bome computers and Eftpos (Electronic Fund Transfer at Point Of Sale, better known as debit cards in the UK). The uptake of various

forms of electronic banking has been fairly rapid, but Australia has not yet experi-enced the level of branch closures which might be expec ted in the shift away from face-to-face transactions. Branch closure programmes are now under way at all the main banks, but post-Wallis mergers would greatly accelerate that proces

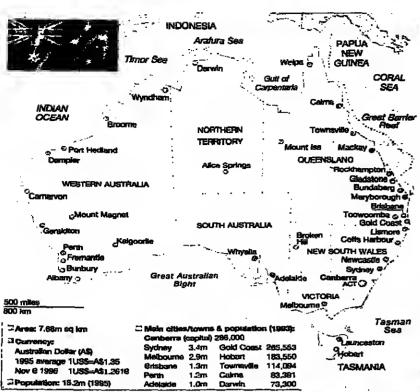
Another global trend now

hitting the Australian market is new competition from non-bank providers of financial services, such as mortgages and credit cards. Mr Don Argus, NAB managing director, has spoken of the threat of "the financial industry equivalent of 'a death of a thousand cuts' as we see important segments of our core businesses whittled away by niche service providers." A good example is the recent mortgage price war between banks, traditionally the main mortgage lenders in Australia, and the new generation of specialist home loan providers created by the introduction of mortgage securitisation. The banks' returns on equity have been spectacularly high - ranging from 14 to 18 per cent - but the Reserve Bank has warned that the impact of the mortgage war will mean lower returns for this financial

The banks are fighting back with further cost-cutting, and an emphasis on quality and breadth of service. And by this time next year, the battlefield could look completely different.



IV AUSTRALIA



Taxation

Z Legal system

The basic corporate tax rate was raised from 33% to 36% in July 1995. Personal income tax

annual incomes over A\$50,000 was cut from

49% to 48% on January 1 1990, and to 47% on January 1 1991. Rates for medium-income

earners were reduced from November 1 1983.

Judicial power is vested in the High Court. Parliament has in addition created the Federal

specialised areas of federal law. All states and

courts, with supreme courts and manistrates

☐ International organisations

the Northern Territory have their own system of

courts, which are vested with federal jurisdiction

AIOEC, ANZUS, APEC, Asian Development Bank (ADB), ATPC, CCC, Colombo Plan (CP), Commonwealth, DAC, ELDO, ESCAP, GATT,

FAO, IAEA, IATP, IBA, ICAC, ICAO, ICO, IDA, IDF, IEA, IFAD, IFC, IHO, IJO, ILO, IMF.

International Grain Council, International Lead Zinc Study Group, INRO, INTELSAT, INTERPOL.

(OOC, IPU, IRC, ISO, ITC, ITTO, ITU, International Whaling Commission, IWS, OECD, South Pacific

Agreement on Regional Trade and Economic Co operation, South Pacific Commission, South

Pacific Forum, UN, UNESCO, UPU, WHO, WIPO, WIMO, World Bank, WSE, WTO.

Court and the Family Court to deal with

e. The maximum marginal rate on

The Commonwealth of Australia is a democrati lederal state within the British Commo Executive power is vested in the governorpeneral, who represents the Gueen.
The legislature consists of a federal parliament imprising a 76-member Senate and a 148-

ember House of Representat The senate is directly elected by proportional ion for a six-year term, one half of the Senate retiring every three years. House of Representative elections are held at maximum tervals of three years, when half the senators

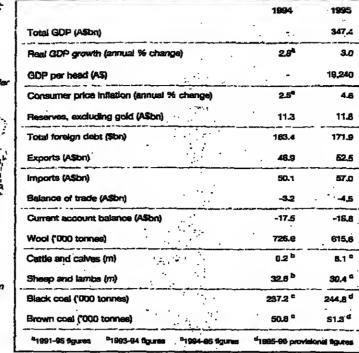
pulsory ballot. The cabinet is headed by a prime minister appointed by the governor-general on the basis of party strength in the House of Representative There is currently a Liberal/National Party

coalition majority government. Mein political parties: Liberal Party, Labor Party, National Party, Australian Democrate Party, Each of the six states in the federation has its own government, with a governor and a merel legislature, apart from Queens which has an unleament legislature. Next election due; by end-May 1999

C Ministers

Tim Fischer - Deputy prime minister/trad McLachlan (Defence), Amanda Vanstone (Employment, Education, Training), Robert Hill Environment, leader of the Senate), John Falsey under Downer (Foreign Affairs), Michael Wooldridge (Health, Family Services) Peter Reith (Industrial Relations, leader of the House), John Moore (Industry, Science, Tourism), John Anderson (Primery Industries nergy), Joselyn Newman (Social Security), Sharp (Transport, Regional Develop ello (Treasury), Bernie Fraser Reserve Bank Governor)

cest Etit, Joint Coal Board; Outcondand Coal Board



Mealth precautions Mandatory: vaccination certificates for

El Credit cards Major international credit cards can be used for a wide range of goods and

services in city and resort are may be restricted elsewhere. Car hire

Hire care are widely available. Current wersees licences are recognised, but marnational Drivers Permits are recommended. The required third-party insurance is normally included in car his charge. Use of seat belts is compulsory end speed limit in towns is generally 60km/h. Driving is on the left-hand side of rns have right of way.

D Public holidays In addition to official public holidays observed throughout Australia, extra statutory holidays are observed in nclividual states and the ACT: Jan 1 (New Year's Day), April 25 (Anzac Day), May 6 (May Day), December 25-26 (Christmas)

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Working hours Late hight shopping (to 2100) in Sydney, Perth and Darwin on Thursday end in Melbourne, Brisbane, Hobert and

0900-1700 Banking: (Mon-Thurs) 0890-1600 (Fri) 0830-1700. Shops: (Mon-Frf) 0900-1700 (Set) 0900-

Telephone: Disling code for Australia, IDD access code + 61 followed by area code (8 for Adelaide, 7 for Brisbane, 62 for emberra, 89 for Darwin, 02 for Hobert, 3 or Melbourna, 9 for Perth, 2 for Sydney, 77 for Townsville) followed by subscriber's

Diplomatic commercial contacts Australian-German Chamber of Herce: tel 612 9261 4184, fax 612 9267 3807; Britain: tel 612 9247 7521, fax. 9264 2711, fax 612 9264 5988; Italy; tel e12 9392 7942, fax e12 252 4830: da tel 612 9241 1181, fax 612 9251 7631; US: tel 612 9373 9200, fax 612 9221 0576 Entry requirements

Passport; required by all. Visa: Visas must be obtained helore arrival by all except holders of Australian and. New Zeeland pessports, Short-term daftors' visas may be obtained for stays up to six months. 82 Customs

Personal effects are allowed duty-free. of 1993 total Strict quarentine regulations make it inadvisable to carry food, animals or plants. Aviation: by Bruce Jacques

New flight pattern

Changes in company ownership and airport sell-offs top the list

Australian aviation is ssing through a phase of fundamantal atructural change brought on by the twin rigours of international competition and domestic budgetary constraint.

None of the industry's main components has been spared. By the turn of the century, a business that was initiated and nurtured for decades by government looks like becoming one of the country's largest privete

Spurred by an air traffic explosion in emerging Asia-Pacific countries, and the promise of a tourist rusb for the Sydney Olympic Games in 2000, the industry has already attracted large quantities of private funding.

The nation'e two leading carriers - Qantaa and Ansett - have undergone ownership changes which have raised thorny issues of foreign control. And the government has begun putting the nation's matropolitan airports up for sale, attracting bids from many of the world's leading aviation players in a process expected to raise over A\$5bn in the next half decade.

The seed of these changes was sown through a decision by the former Labor government in the late 1980s to abolish the country's long-standing two airline policy. That had engendered a clubbish culture and allowed the two domestic carriers to operate co-operatively rather than competi-

Consumers were the losers; but no longer. Fare discounting has been forced on the industry by heightened consumer expectations following two failed attempts to launch a third domestic airline. Thus stripped of revenue streams which had been virtually guaranteed for decades, both carriers have sought alliances with leading overseas rivals.

Qantas moved decisively competition, Australian and amount by itself.

British Airways as a 25 per cent shareholder with a strategy of co-operation and cost-sharing on the so-called Kangaroo route between Europe to Australia.

British Airways already had a strong voice in Qantas' affairs, with board representation, before the Australian government floated its remaining 75 per cent of the airline in 1994-95. Public concerns bad already been raised about the level of foreign influence

in Qantas, regarded as an icon by many Australians. That prompted the govern-ment to pass float legislation restricting foreign ownership to a maximum 49 per cent. But the system has proved

unworkable, and the airline has been in breach of this limit for much of its listed life. Sensitivities also surround Ansett following this year's A\$325m purchase of a 50 per cent equity stake in the company by Air New Zealand. The other 50 per cent shareholder is Mr Rupert Murdoch's News Cor-

poration. Air New Zealand hought its Ansett stake from TNT, the Australian transport group currently subject to a A\$2bn takeover bid by the Dutch postal and telecoms company, KPN. The Ansett sale process was drawn out over 18 months and caused considerable acrimony among the parties, not least between the Australian and New Zealand governments.

One of the chief sticking points in the deal was an eleventh-hour backflip by the Australian governmenton an agreement to relax restrictions on Australia-New Zealand air routes.

The decision, which marked a low point in Australia-New Zealand relations, appeared to have been made to preserve the value of the Qantas float. The trans-Tasman airline agreement has since been reinstated by Australia's new coalition government, but the Ansett-Air New Zealand deal is still bogged down by bureau-

In an attempt to preserve

vatisation in 1995. It took on bave effectively forced Ansett to split into three airlioes - its New Zealand operations are now whofiyowned by News Corporation and the company has been forced to seek new investors to take a half share in its

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international division. This may crimp, at least initially, the capability of the new alliance to provide etrong competition for Qantas. The company now at last believes it has overcome problams with its executive structure following a minor coup in poaching the former managing director of rival Cathay Pacific, Mr Rod Eddington, as Ansett's new chief executive.

Meanwhile, the next phase in the battle for Australiao air supremacy looks like being fought out on tarmac controlled, for the first time in Australia, by private investors. Bidders have already been shortlisted for three of the country's 22 main airports, currently administered by the government-controlled Federal Air-

ports Corporation. The initial offering, involving the Melbourne, Perth and Brisbane airports, is likely to be followed next year by another package including Sydney, widely regarded as the investment "jewel", especially with the Olympic Games looming.

Large Australian compa-nies including the AMP Society. National Mutual, Lend Lease, the Commonwealth Bank, Westfield and Brambles are part of the bidding consortia. Most have linked with experienced overseas transport and airport groups including Lockheed, BAA. Massachusetts Port Authority and the operators of Schiphoi, Maochester and Vienna airports.

It is believed about a dozen consortia bave been invited to sign confidentiality agreements with the airports before lodging final bids by January 31 next

Analysts estimate that the three airport sales will probably earn the government about \$2bn. Sydney airport is expected to raise this

■ Olympic Games: by Nikki Tait

Not all for going for gold

After the Atlanta games, the private-enterprise enthusiasts must be reined in

"Let it rip," declared Mr Bob Carr, premier of New South Wales, as the first sod was turned at the site of the new Olympic Stadium a few weeks ago. It was the voice of enthusiasm in the face of what will almost certainly be considerable adversity as Sydney's preparationa for hosting the Olympics Games in the year 2000 get under

way in earnest. Many Sydneysiders still em to have a genuine refish for the event. When the Olympic flag was brought back from Atlanta and marched in fairly low-key fashion from Circular Quay to the nearby Town Hall, thousands of eager office workers turned out to watch. A subsequent ticker-tape parade for returning athletes attracted a crowd of 100,000.

enthusiastic over the likely economic stimulus. Studies have claimed that the games will inject around A\$7.3bn into the local economy in the period between 1991 and 2004, and create over 150,000 full or part-time jobs. But, from the outset, this

Businesses, too, remain

relish was mingled with concern over how the city would cope - and mnch-vaunted transport and security probiems faced by Atlanta have dona nothing to eradicate such reservations. Also compounding the

organisers' task is the Green Games" tag. When pitching for the games, Sydney's hid emphasised environmental credantials, and even coralled support from Greenpeace, the international organisation. Now, as the construction

and financtal pressures huild, these much-vaunted standards seem certain to provoke controversy. Last month environmental activists staged protest action at the main davelopment site. rippiog out PVC piping which they deem harmful. To date, much of the focus

in Sydney has been on the personalities in charge of the Games, The Sydney Organising Committee for the Olvmpic Games (SOCOG) has had problems finding a suitable



ers bid to keep them.

chief executive, with a couple of targeted candidatee backing out et the last minnte as private sector employ-More recently, the post of president of SOCOG bas

become uncomfortably fluid, with three individuals filling the job in six months. The final resolution involved Mr Michael Knight, state government ministar with responsibility for the games taking on the role. This, said officials, provided the closest possible link between the games' financial underwriter - the state government - and the organisers.

But as the timetable

becomes more urgent, attention is likely to shift to the physical infrastructure itself. Sporting facilities will be split mainly between the Darling Harbour area in the city's centre, and the Homebush Bay site, about 14km to the west. The bulk of the construction is taking place at the latter, an old industrial area on the banks of the Parramatta River.

Some facilities - like the aquatic centre - are already constructed and in use, and are making the area a curious mix of spanking new buildings and unsightly earthworks. Aftar some delays and legal wrangling, the main A\$600m stadium contract has finally been let to a consortium headed by Australia's Multiplex. Japan's Obavashi, and with financial advica from Macquarie Bank and Hambros.

in an innovative move, the consortium plans to partly fund construction through an issue of securities which will give holders the right to a stadium ticket during the games. Advisers admit that

pricing was not an easy issue, and the reception which the issue gets - allocations are likely to be announced soon - may yet provide games organisers with some insights into how to handle ticket policy gener-

The big outstanding contract is for the Olympic Village, worth around A\$750m in total. Two groups are in the running, a consortium led by Lend Lease and Mirvac, two Australian groups, and a syndicate made up the Stockland and Walker property group, plua South Korea'a Daewoo and Macquarie Bank. A decision is due before the year's end. But already there are some

worries that the building programma at Homebush, coupled with increasing private sector construction activity generally, could push up costs as the market tightens and lead to shortages of specialist skills.

The direct Olympics-related work has been estimated to be worth around A\$2.5bn over the next four years. Admittedly, many hig builders say that they have been working at less than capacity until recently. Neverthless, the number of cranes littering Sydney's skyline is now multiplying at an impressive rate.

Transport, meanwhile. remains a separate bugbear. Sydney airport is already beset by noise problems and delays, and an 80 movements-per-hour cap has been imposed. Plans to build a second airport to the west of the city cannot be realised in time. Similarly fraught are the logistics of moving large oumbers of people from residential areas on the North

Shore or in Eastern Sydney to Homebush Bay. From the outset. Olympic organisers have put beavy emphasis on public transport, with a new rail loop to Homebush due to carry up to 50,000 people an hour.

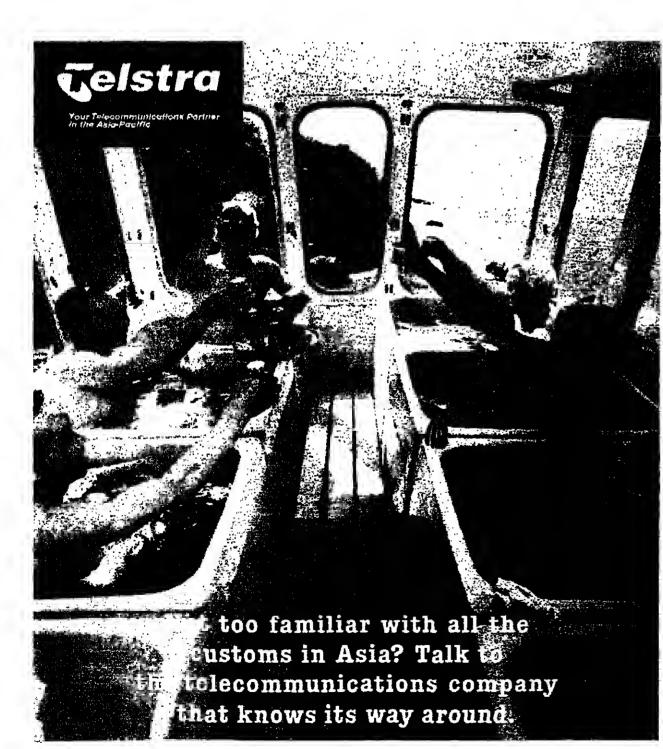
Within weeks of the Altanta games ending, a eastern distribu-A\$600m tor" - to belp traffic flows crossing from the North Shore circumvent the city - won the green light, and a transport "summit" has been held. Even so, Mr Carr says that this remains one of the stickest problems confronting organisers.

The financial implications of the games, meanwhile, bave yet to become clear. The original SOCOG bid talked of a A\$1.87bn budget (in 1992 dollars). The cost was to be met independently of government, through the sale of television rights, eponsorship, and ticket sales - in fact, there was even talk of a small aurolus. So far, this appears to be well on track, thanks largely to some better-than-expected

TV rights deals. However, the SOCOG budget, which officially covers the organising of the Games axclndes many building costs. Almost inevitably, these have tended to rise beyond the original hudget - not least because of project enhancements, such as the burying of power lines, and additional investment in the rail link to Homehush Bay.

Mr Carr has been attempting to soothe local concerns on this score. "We will be paying [for the games] with 1.4 to 1.5 per cent of government expenditure over the next four to five years," he said, recently. "Atlanta was a private sector games may not be that far

Nevertheless. cognizant perhaps of Atlanta's experiences, the organisers have also been trying to dampen down the more extreme private-sector optimism over the games' impact. "The Olympics fit the state's economic development structure - the Olympics are the icing on the cake," says Mr Carr. "It would be foolish to say they're an economic bonanza, or that they'll soive our economic problems. But if other things are going for us...the Olympics can only



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LONDON STOCK EXCHANGE

Shares fall despite store sector bid rumours

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

The equity market's three-day rally petered nut yesterday as fears of mounting infletionary pressures, with inevitable implications for UK interest rates returned to haunt investors.

The trigger for a slide in gilts and equities came from strong economic news, including the October employment report and details of average earnings and unit wage costs.

In the afternoon, there was no which encountered a bout of prof-

it-taking. The Dow Jones Industrial Average bas surged 245 points, or 4 per cent, since the start of November The Dow was down over 20 points not long after the opening yesterday.

US Treasury bonds were on the defensive too, despite lower than forecast October producer prices. The US Federal Reserve's Open Market Committee met yesterday to discuss monetary policy. Strategists are not expecting any shift in US rates.

After a lethargic session, the FTSE 100 index closed 7.4 points down at 3,926.9. The FTSE 250, however, did much better, ending the day 5.4 firmer at 4,410.2, helped by good performances

ressed after strong rumours of a substantial bid this morning.

A lot of the speculative interest focused on House of Fraser. Body Shop and Sears were other stocks to make good progress.

The Small Cap index also maniged a modest improvement, settling 2.0 better at 2.161.6.

London made a reasonabla start, pushing up almost 5 points in line with expectations. at the opening, with marketmakers happy to lift their quotations to accommodate yet another record on Wall Street.

But the picture changed with and earnings reports which saw

dence of a strong economy was accompanied by news that unit labour costs in the September quarter had risen by an annualised 5.2 per cent, well above ana-

The only good news, as far as the market was concerned, was the September average earnings figure which, at 4 per cent, was

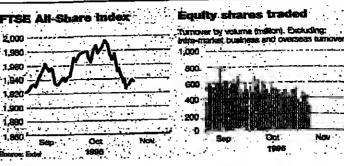
After that, Footsie was always on the back foot, closing around 4 points off the day's low. Dealers said that turnover for

much of the day was slow, the release of tha employment despite evidence of a small to medium-sized programme which unemployment falling to its low- appeared to feature a switch out

from many retailers, which prog- est level for five years. Such evi- of investment trusts into banks and insurance stocks.

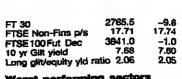
But the big upturn in volume occured minntes before the close with dealers noting a series of exceptionally big trades in Lonrho, Hanson, British Gas and Cookson, which they suspected were "bed and breakfast" or taxrelated deals. Others, however, suggested the activity was linked to arbitrage.

British Gas was heavily sup ported, partly thanks to the revival of old stories suggesting Shell was running the slide rule over the company. A bullish pre-sentation in New York by Goldman Sachs made Lasmo the best



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Takeover flurry at Fraser

By Lisa Wood, Peter John

As the market closed, the whiff of a takeover in the retail sector spread through the market with House of Fraser cited as the target of an ettack - possibly today. The company has been

en as ailing and vulnerable for some time. Only e month ago it revealed plans to close up to 10 stores and announced a restructuring charge of up to £50m, at a time when there is apparently a consumer boom.

Consequently, although rumours heve eppeared before, they strengthened yesterdey with some analysts heing pointedly unavailable and dealers talking about a big rights issue and offer this morning.

Retail analysts have previously considered Burton as the traditional aggressor. but yesterday Storehouse was heing mooted as a strong candidate, followed by Sears.

The upshot was that House of Fraser was the best performer on the FTSE 250 index, climbing 8 to 144%p. Storehouse weakened 51/2 to 274p and Burton fell 11/2 to 143p. Sears bounced 2 to 89p on trade of 10m.

There were also whispers that Great Universal Stores might spin off its Burberry siness, with a likely price

Huge turnover in the of some industrial and utility groups, which 200,000 barrels per day, an have recantly seen price increase of some 12 per cent weakness, appeared on trading screens late in the day. Henson, British Gas.

Cookson and Lourho all saw exceptional volume. Hanson was the most heavily traded with large blocks of stock going through the market at 74p a share taking the voltime to 71m shares It was closely followed by Gas et

Initial thoughts focused on bed and braakfast trades, whereby investors sell late in the day and buy back et the start of the following day to establish e tax loss.

However, there were also uggestions that one of the leading US brokers might be unwinding a huge over the counter option trade aimed at stripping out dividends.

The stocks involved have all been heavily sold over recent months and offer surprisingly high yield. Hanson was steady at 79%p, Gas jumped 6 to 198%p on the back of two imminent broker recommendations, one from UBS and another - due today - from a second leading broker. Cookson added a penny at 223%p with 22m shares traded and Lonrho eased 11/4 to 134p with 14m

Bullish remarks coming out of New York combined with a broker recommendation gave e lift to Lasmo making the shares the best performers in the Footsie. Mr Joe Darby, chief execu-

tive of the oil exploration

Australia

Vietnam

 South Korea Japanese Industry

tag of £1bn. GUS fell 5 and production company, to 590½p. and production company, said he expected Lasmo to echieve its stated production target of approximately over the expected outturn for 1996. He said he expected to maintain that level of production until 2001, whereas many analysts had expected

> production to decline. His comments, made et a conference to investors hosted hy Goldman Sachs, added lustre to an enthusiastic note from Kleinwort Benson, which reiterated its huy

Kleinwort argued that the shares should be on e 15 per cent premium to net asset value which the hroker calculates at 200p a share. Tha

shares lifted 81/4, or more than 4 per cent, to 210p. East Midlands Electricity managed to persuade Dominion Resources of the US to

referral by industry secretary Mr Ian Lang to the Mnnopolies and Margers Commission. A two-way pull in British

to 5931/sp.

m made it one of the huslest trades of the day. Turnover at the close stood et 21m with the shares having improved 11/2 to 360%p, helped by a hroker's change of recommendation.

part with 670p a share for

the regional electricity

group, but the news of the

agreed hid hardly set the

sector alight. East Midlands

shares moved up only 111/4 to

62214p while Northern Elec-

tricity, which is the subject

of e 630p a share offer from

CalEnergy of the US, fell 15

The weakness acknowledges the possibility of a

The group unveils secondquarter figures today and analysts expect BT to report profits of between £680m and

Union

	Nov 13	Nov 12	Nov 11	Nov 8	Nov 7	Yr ago	High	"Low
FT 30	2765.5	2775.3	2764,8	2763.9	2761.8	2611.0	2885.2	2668.8
Ord, div. yield	4,12	4.10	4.13	4.14	4.14	4.12	4,22	3.76
P/E ratio net	16.79	1881	16.70	16.67	18.68	15.68	17.48	15.80
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Equity bargainst	_	22,597	23,862	24,967	25,593	33,796
Shares traded (mi)†	-	371.8	305,4	428,7	435.9	645.6
†Excluding Intra-market o	bns seenieu	CAN-THURS IN	mover.			
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52 Week highs and low LIFFE Equity options Total Rises Total Falts 72 69

£685m. NatWest Securities yesterday upgraded its stance on the stock from

"hold" to "add" and analysts at the hrokar said: "Undonbtedly, the proposed acquisition of MCI is a major move for BT. However, are the shares also set to make a long-awaited, often-pre-dicted, major move? Our view is that e move will occur, not major, but cer-tainly significant."

The securities house also suggests "a less aggressive investment approach may be appropriate in the future"

Profit-taking marked the rest of the sector. Cable &: Wireless eased 3% to 474%p, in trade of 3.7m while Vodafone Group closed a penny

Vendome fell 16 to 544%p. with ABN-AMRO Hoare Govett reported to have edged down its forecast hecause of the strength of sterling and the weakness of the yen.

Zeneca was an early riser as the market got wind of positive comment about one of its products.

A Swedish newspaper published details of a study relating to a cocktail made np of accolate, Zeneca's antiasthma product, and a Schering Plough product. Zeneca shares lifted 4½ to 1656p. Ladbroke strengthened 2½ to 198%p ahead of today's

trading statement. Regent Inns gained 13 to 2861/sp after a punchy annual meeting statement.

BOC shed 10 to 845p on concern over the impact of sterling's recent strength on the chemical group's earnings and as analysts down-graded forecasts. SBC Warburg cut current year forecasts to £421m from £438m while maintaining the stock's "hold" rating. Next year's profit forecasts were shaved to £424m from £442m.

1364%p with SGST recom

5 Alcoholic Beverages

mending profit-taking. Shares in LucasVarity fell 6 to 2381/sp, having traded 4.4m by the close. There was talk of e sizeable downgrade while dealers suggested US interest in the stock had faded in recent sessions. Sentiment was weakened hy concerns about the slowing growth in the European

automotive sector. Smiths Industries were in demand ahead of last night's dinner for institutions hosted by Henderson Crosthwaite. The shares eppreciated 71/2 to 797p.

British Aerospace was in favour and the shares gained 8 to 1157%p. Dealers suggested there had been e

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ne Hegiopul Indices								
Atrica (13)	2439.47	+1.5	2403.96	2624.95	3.17	35,47	3553,86	2332.70
Australasia (6)	2074.25	+0.5	2064.32	2290.27	2.69	20.78	2927.34	2005.75
North America (12)	1613.69	+4.1	1741.73	1067.18	0.71	68.61	2186.39	1596.25

FTSE Actuaries Share Indices The UK Series

Nov 13 chge% Nov 12 Nov 11 Nov 8 ago yield% cover 3928.9 -0.2 3934.3 3914.4 3910.8 3571.4 4.02 2.04 15.26 157.57 1836.25 4410.2 40.1 4404.8 4395.8 4395.8 3822.2 3.54 1.50 23.54 159.94 1798.67 4490.8 +0.1 4444.5 4435.6 3945.9 3.63 1.52 22.57 167.93 1818.24 1981.2 -0.1 1963.5 1954.9 1863.4 1775.1 3.91 1.83 18.53 77.10 1669.18 1886.6 -0.1 1868.4 1962.9 1862.8 1766.0 5.22 1.81 13.22 97.33 1336.14 FTSE 100 FTSE 100 FTSE 250 FTSE 250 ex IT FTSE 350 FTSE 350 Higher Yield FTSE 350 Lower Yield FTSE SmallCap FTSE SmallCap ex IT FTSE All-Share 2062.6 -0.1 2064.8 2053.8 2051.2 1789.1 2,74 2,14 21,28 57,40 1445,25 2161.57 40.1 2159.64 2158.68 2158.84 1936.94 3,15 1,56 25,11 62,18 1798.74 2164.17 -0.1 2151.59 2162.12 2160.69 1923.36 8,35 1,85 22,61 66.16 1514.13 1636.77 -0.1 1938.79 1930.69 1929.51 1751.46 3,86 1,81 16.97 74.59 1673.44 dustry Sectors FTSE Actuaries in Day's Year Div. Net P/E Xd adj. Total Nov 13 chge% Nov 12 Nov 11 Nov 8 ago yleid% cover ratio ytd Return

10	MINERAL EXTRACTION(24)	3751.47	-0.8 3773.17 3755.02 3712.89 2971.88 3.60 1.71 19.28 142.73 164	4.33
12	Extractive industries(6)	3996.52	40.7 3868.10 4022.62 4000.71 4127.98 4.06 2.56 11.58 152.00 116	
15	Oil, integrated(3)	3885.33	-1.0 3922.95 3890.68 3839.50 2976.74 3.97 1.55 20.29 154.36 174	18.91
15	Oil Exploration & Prod(15)	2805,84	+1.1 2775.61 2774.94 2769.36 1888.85 1.85 1.71 39.67 52.93 170	20.70
20	GEN INDUSTRIALS(275)	1998.57	-0.3 2002.42 2001.15 2000.37 1948.44 4.28 1.67 17.48 78.63 111	2.37
21	Building & Construction(34)	1185.64	-0.4 1190.67 1192.75 1193.76 970.13 3.57 1.47 23.89 39.06 100	9.87
22	Building Matts & Merchs(29)	1838.46	-1.0 1856.32 1852,04 1844.68 1730.28 4,20 1.40 21.20 74.81 94	8.56
23	Chemicals(25)	2383.31	-0.8 2396.41 2380.28 2370.54 2375.20 4.25 1.45 20.28 86.14 114	8.85
	Diversified Industrials(19)	1399.96	-0.2 1403.01 1408.08 1422.63 1768.65 7.24 1.61 10.76 89.41 80	7.12
25	Electronic & Elect Equip(36)	2273.63	-0.2 2278,47 2286,05 2251.50 2128.11 3.44 1.48 24.50 64.15 119	9.05
	Engineering(71)	2606.80	+0.2 2500.46 2592.72 2591.92 2140.11 3.14 2.25 17.64 72.69 180	
		3162.63	-0.8 3183.13 3175.68 3196.00 2542.68 3.41 1.72 21.33 102.69 166	
	Paper, Pokg & Printing(28)	2537.25	-0.2 2543.53 2555.74 2553.95 2755.62 4.07 1.84 18.69 92.21 107	
29	Textiles & Apparel(19)	1142.03	-0.3 1145.82 1150.51 1151.18 1474.47 6.25 1.17 17.15 53.39 71	1,53
30	CONSUMER GOODS(82)	3691.40	-0.2 3699.03 3676.21 3668.21 3500.80 3,93 1.94 18.44 132,90 139	0.71
32	Alcoholic Beverages(8)	2736.53	+0.8 2720.43 2710.51 2718.21 2830.06 4.64 1.70 15.83 104.18 100	5.10
	Food Producers(25)	2603.52	-0.3 2611.29 2593.89 2577.31 2484.74 4.18 1.79 18.65 68.73 119	5.93
34	Household Goods(15)	2700.12	-0.4 2711.47 2728.78 2701.89 2530.40 8.79 2.25 14.69 101.22 105	3.38
36	Health Care(18)	1949.66	+0.4 1941.22 1915.18 1812.46 1940.79 3.06 1.89 20.48 54.40 120	2.24
37	Pharmaceuticals(14)	5696.53	-0.4 5722.08 5681.13 5676.71 4897.77 3.00 2.01 20.69 172.18 196	8.40
38	Tobacco(2)	3584.54	-0.3 3594.40 3548.31 3555.69 4595.45 7.23 2.13 8.11 262.07 92	3.06
40	SERVICES(253)	2550.73	-0.2 2555.26 2544.72 2545.75 2166.01 2.93 1.86 21.57 75.90 134	17.86
41	Distributors(30)	2891.17	+0.1 2887.26 2890.58 2892.01 2631.02 2.97 2.02 20.77 80.00 106	
42	Leisure & Hotels(25)	3183.60	+0.3 3172.76 3160.59 3159.80 2432.06 2.75 2.03 22.45 173.08 173	1.29
	Media(45)	4247.71	-0.4 4266.77 4233.57 4236.24 3442.46 2.16 2.07 27.99 92.04 155	4.79
	Retailers, Food(14)	1971.14	-0.3 1876.34 1982.01 1989.54 1986.54 3.88 2.31 13.59 70.37 127	
	Retailers, General(45)	2069.56	-0.3 2075.28 2082.46 2082.23 1837.41 3.15 2.09 18.92 68.64 120	
	Breweries, Pubs & Rest.(21)	3101.93	3100.83 3091.64 3101.26 2694.80 3.36 2.00 18.86 69.29 150	
	Support Services(50)	2607.72	+0.1 2604.36 2593.68 2586.59 1843.38 1.90 2.23 29.54 48.36 157	4,89
_	Transport(23)	2554.17	<u>-0.2 2558.03 2555.55 2551.43 2194.56 3.75 1.18 28.20 82.38 106</u>	5.20
	UTILITIES(33)	2367.50	+0.3 2361.27 2359.48 2367.35 2487.79 5.48 1.75 13.08 186.88 105	
	Electricity(12)	2533.76	+0.1 2531.44 2515.52 2518.88 2850.31 8.50 2.21 8.69 429.17 137	
	Gas Distribution(2)	1342.95	+2.9 1304.55 1307.75 1298.15 1601.29 8.92 0.88 16.81 118.71 73	
	Teleconsmunications(8)	1992.77	-0.1 1995.53 1999.87 2011.61 2034,74 4.05 1.51 20.48 50.32 92	
	Water(11)	2223.38	+0.2 2218.65 2211.86 2223.26 2074.82 6.29 2.29 8.87 103.62 126	2.58
68	NON-FINANCIALS(007)	2023.02	-0.2 2027.10 2020.10 2017.27 1854.99 3.88 1.82 17.71 79.\$1 156	9.52
	FENANCIALS(103)	3281.90	+0.3 3271.88 3248.85 3255.54 2774.00 4.05 2.36 13.05 124.39 144	5.35
71	Banks, Retali(8)	4704.88	+0.4 4688.14 4685.43 4686.50 3928.61 3.86 2.71 11.95 175.98 157	2.86
	Banks, Merchant(6)	3691.99	-0.3 3702.00 3696.72 3899.87 3549.55 2.82 8.04 14.58 95.60 116	
	insurance(21)	1548.29	1548.35 1531.80 1531.88 1382.23 5.43 2.29 10.05 79.70 116	8.75
	Life Assurance(7)	3793.40	+0.1 3790.97 3718.81 3705.94 3234.38 4.10 1.78 17,09 151.01 161	
		2727.25	+0.5 2713.61 2695.56 2696.71 2386.80 4.01 1.79 17.41 88.27 158	1.59
	Property(41)	1673,02	+0.6 1662.22 1655.24 1647.72 1376.72 3.86 1.26 25,79 49.57 104	7.84
80	INVESTMENT TRUSTS(126)	3134.20	-0.1 3137.24 3129.51 3129.88 2912.87 2.27 1.12 49.36 62.38 110	8.24
89	FTSE All-Share(896)	1835.77	-0.1 1838.79 1930.89 1929.51 1751.48 3.86 1.81 16.97 74.69 167	3.44
FIS	E Fledgling	1215.84	+0.1 1215.02 1215.67 1215.76 1089.48 2.85 0.65 67.68 31.48 128	
	E Fledgling ex IT	1229.08	+0.1 1227.77 1228.59 1228.36 1092.02 3.04 0.57 72.42 34.36 130	

	Ореп	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/deg	Low/da
TSE 100	3984.5	3937.7	3931.5	3925.0	3925.5	3928.1	3921.2	3925.5	3926.0	3939.5	3922.9
TSE 250	4407.4	4408.0	4407.3	4407.3	4408.D	4409.D	4410,4	4410.8	4410.8	3411.7	4406.2
FTSE 350	1963.9	1965.2	1962.7	1960.1	1980.4	1961.5	1962.8	1960.7	1861.2		1959.2

■ FTSE 350 Industry baskets

Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.10 Close Previo 1159.5 1158.0 1153.3 1153.7 1154.3 1154.3 1153.9 1153.9 1154.5 1154.3 1162.3 -8.0 5648.6 5644.8 5649.0 5638.0 5641.2 5645.0 5622.6 5622.8 5622.8 5648.9 -26.3 2217.8 2211.8 2210.9 2207.8 2206.2 2206.8 2209.0 2211.3 2210.1 2210.1 2206.3 +4.0 4762.4 4762.8 4760.3 4760.1 4766.1 4765.9 4766.2 4758.3 4768.3 4768.8 4748.0 +16.8 teams, Name
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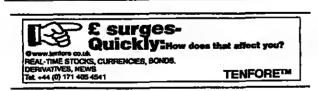
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4 pp close November 13 NYSE PRICES		NASDAQ NATIONAL	MARKET 4 pm class Hovember 13
### Cambridge Company 1995	A	1.	## TABLE *** *
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Gain the edge over your competitors by having the Financial Times delivered every working day. Hand delivery services are available for all subscribers in of Bergen, Oslo, Stavanger and Trondhelm. Please call +46 8 791 23 45 for Financial Times. World Business Newspaper.	CoveryCp	10% 11 +14 22% 22% +14 5% 5% 5% +16 16 18 -14 16 18 -14 16 18 -14 16 18 -14 16 18 -14 16 18 -14 16 18 -14 16 18 -14 16 18 -14 16 18 -14 16 18 -14 16 18 -14 16 18 -14 16 18 -14 16 18 -14 16 18 -15 16 18 -14 16 18 -14 16 18 -15 16 18 -15 16 18 -14 16 18 -15 16 18 -15 16 18 -14 16 18 -15 16 18 -15 16 18 -14 16 18 -15 16 18 11 16 18 11	902 11 103- 103- 14- 14- 14- 15- 173- 14- 14- 15- 173- 15- 15- 15- 15- 15- 15- 15- 15- 15- 15

US shares dip after Frankfurt advances to fresh peak EUROPE

ker huy notes.

earnings upgrades.

DM4.95 at DM88.55 in heavy

following a round of positive

broker recommendations. A

reiterated buy stance from

Lehman Brothers hoisted

the tyre group Continental

merzbank, underpinned hy

an upbeat meeting with analysts, rose 65 pfg to DM35.30.

BASF were deemed unexcit-

ing, but the chemical leader

held out the prospect of a

higher dividend this year

and the shares added 21 pfg

ping lower to close with the CAC-40 index off 11.94 at

Nine-month numbers from

dull start for bonds

US shares were mixed at midsession as good corporate news helped bolster the technology sector while \$4 stronger at \$92%.
other areas fell victim to a That news also weaker bond market and some profit-taking. urites Lisa Bransten in New York.

At 1 pm, Dow Jones Industrial Average was 4.47 weaker at 6,261.57 and the Standard & Poor's 500 slipped 0.02 at 729.54. The American Stock Exchange composite climbed 1.66 at 583.30. NYSE volume was

Bonds were mostly weaker as investors took some profits on the heels of an extraordinary run-up in that market. However, few on Wall Street were worried that the Federal Reserve's Open Market Committee would raise interest rates at yesterday's meeting.

The technology-rich Nasdaq composite rose 3.43 at 1,259.96 and the Pacific Stock Exchange technology index added 0.5 per cent as a strong earnings report from Dell Computer helped stave off profit-taking in the

After the market closed on quarter earnings well below

third-quarter earnings were \$1.52 a share, well above the \$1.15 analysts had expected. In early trading shares were

That nsws also helped other computer makers. Compaq Computers added \$2% at \$75% and Gateway 2000 climbed \$1 at \$54%. However, Sun Microsystems. the specialty computer maker, saw its shares drop \$31/4, or 5 per cent, at \$581/4 after announcing that it planned to cut prices on some of its products.

Microsoft, the second largest company on the Nasdaq, gained \$314 at \$145% after announcing a share split.

Elsewhere, Westinghouse slipped \$1, or 5 per cent, to \$19% after the company made its long-awaited announcement that it planned to spin off its industrial business into a separately traded company. By Tuesday, shares in the company had risen 20 per cent this month as investors awaited a restructuring announcement.

Dillard Department Stores shed \$3%, or 10 per cent, at \$29 after reporting third-

Tuesday, Dell said that analysts' estimates. The retailer said it made 28 cents a shares in the last quarter, 22 cents below the median

> TORONTO picked up where it left off oo Tuesday, trading narrowly and showing little change at the end of a relatively activa morning session. At noon, the TSE-300 composite index was 1.49 down at 5,805.48.

Mining shares were well dealt showing a snh-sector gain of around 3 per cent. On the downside, banks stood out with a decline of 2 per cent.

Leading Latin American

bourses mostly moved lower in early trading. The main exception was BUENOS AIRES which continued to edge towards the 600 level. At midsession, the Merval index was up 4.78 at 597.75. Dealers said floor volume showed signs of a strong uptick helped by the recent decline for US long hond

CARACAS displayed initial weakness with the IBC index slipping 41.02 to 5,956.89. MEXICO CITY also moved lower. The IPC index was off 8.23 at 3,368.19 at

etood at an Ibla-indicated 2,770.61, up 6.81. PARIS moved ont of step with leading bourses, slip-

ments for the insurance sec-Shares in FRANKFURT for the takeover talk turned surged further into record to the banks where CCF was territory riding high on the up almost 4 per cent at one back of strong corporate stage before closing FFr5.10 news and a multitude of broahead at FFr248.8. ahead at FF1248.8. Speculation centred on the

Veha, the diversified utilpossibility of a bid for CCF from either BNP or Société ity, and Daimler-Benz were the hot stocks, with the for-Générale, its two bigger mer shooting almost 6 per banking rivals. BNP, up cent shead on strong ninesharply on Tuesday, came month results and hrokeroff FFr4.10 to FFr212.7. Soc-The shares anded up

Gen gained FFr13 to FFr580. Elf Aquitaine fell FFr2.10 to FFr423.4 after the governtrading volume. Daimler ment ran down its stake in jumped DM3.70 to DM97.85 the oil giant from 9.1 per cent to 0.75 per cent. The shares were sold at FFT417.50 Sanofi was euspended at

FFr470 - up FFr10 in two hy 70 pfg to DM25.50.

Bayerische Hypo gained new drug, Clopidogrel. Trad-DML66 to DM47 and Coming in Axa and UAP. suspended on Tuesday as the two insurance groups announced merger plans, AMSTERDAM followed

Germany to another all-time high, breaking up through the magic 600-point level on the AEX index to close at DM51.55. 602.02, up 4.43. Aegon rose At the close, the DAX F13.50 to F194.70 ahead of results and Unilever had another colid day adding Fl 2.90 to Fl 279.50 on talk of

US boying. KLM, which briefed ans-

After Tuesday's excite- FTSE Actuaries Share Indices Open 10.30 11.00 12.00 13.00 14.00 15.00 Close Hourly changes FTSE Eurotrack 100 1798.64 1798.48 1800.18 1799.84 1800.39 1799.66 1799.92 1799.36 FTSE Eurotrack 200 1642.55 1844.94 1844.06 1843.57 1843.56 1844.27 1842.29 1843.48 Nov 12 Nov 11 Nov 8 1787.53

> uring and radical cost-cutting programme, came off 60 cents to FI 41.70.

> Chemicals stayed in favour. Akzo Nobel put on F15 to F1218.70 and DSM gained Fl 1.10 to Fl 160.90. ZURICH pulled slightly back from Tuesday's record close during a quiet session when many transactions

derivativss-driven

ahead of Friday's exptry of futures and options. The SMI index dipped 4.1 to 3.825.7. Among the day's best per formers, Holderbank jumped SFr18 to SFr912. Analysts said that the etock had reached a level which trig-

gered buying.
ABB, up SFr10 to SFr1,610, was said to he hanefiting from a steady stream of international orders.

SMH lost SFr11 to SFr814 as Micro Compact Car, its joint venture with Mercedes-Benz, denied press reports that their new, small Smart car was unstable,

Baloise, the insurer, rose SFr55 to SFr2,775 on lysts on its planned restruct- renewed takeover rumours.

Olivetti added L13 to 1.508.7 after its announcement that net debt at the end of September was little changed at L2,415bn.

Fiat lost L67 to L4,535 as it denied rumours of a sale or reorganisation at its biomedical subsidiary Sorin and its majority-held chemicals and fibres company Snia.

OSLO advanced to a fourth straight record high helped by strong gains in a number of small-cap stocks. The allshare index finished 1.89 higher at 894.28.

Kvaerner, the engineering group, dipped NKr4 to NKr246 in further response to Monday's weaker than expected earnings.

BCI rose 76 to L2,881 as it denied interest in the Naples ISTANBUL continued to bank. Ambroveneto jumped L157 to L3,365, although it said that it had yet to make pull hack after Monday's all-time closing high and the a decision over Napoli. The IMKB index, down 1.1 per cent on Tuesday, fell another 1,507.99, or 1.8 per cent, to two northern hanks have been rumoured to he the most likely of the Italian 82,215.01.

Analysts noted that the market had failed in three attempts to pierce the 85,000-

The index last tested that level on Monday. It had drifted lower in a week-long limited pull-back after a first attempt on October 31, following a 29.3 per cent rally and 10 record closes in a medium-term uptrand from September 13 to October 23.

Written and edited by Michael

S Africa lower despite solid golds

South African Breweries ing from gold shares, Johan- added 10.3 to 1,711.9. nesburg moved lower with the overall index dipping 7.3 to 6,755.3. Early gains for

In spite of solid results from mid-morning. At the close, cents at R115.25. Highveld and another resilient show- 18.1 at 7,914.1. Gold shares SA Breweries nine-month form numbers were ahead of ana-

the industrial index was off Steel, hit by strike worries, the np-trend was not uni-

Kloof put on R1.25 to R43. lysts' estimates, but at the but Loraine came off 80 close the shares were off 50 cents to R14.70.

EMER	GING N	MARKETS:	IFC WEE	KLY INVE	STABLE PR	ICE INDI	CES
			Dollar terms		L	осы ситело	y terms
Market	No. of stocks	November & 1996			November 8 1996	% Change over week	% Change on Dec '98
Latin America	(249)	528.76	+0.5	+6.8			
Argentina	(31)	860.18	+0,9	+7.4	527,789,77	+0.9	+7.A
Brazil	(68)	374,68	-1.6	+22.7	1,443,30	-1.4	+30.0
Chile	(45)	686.22	-1.5	-8.3	1,151,80	-1.8	-5.6
Colombia ¹	(14)	645.99	-0,7	0.8+	1,143.63	-0.6	+9.0
Mexico	(64)	522,81	+3.5	+15.4	1,782,57	+2.8	+18.4
Peru ²	(19)	207.39	0.0	+5.2	329,58	+0.9	+18.7
Venezuela ^a	(8)	667,93	-1.1	+96.0	7,133,50	-1.1	+173.3
Asia	(712)	251,50	-1.8	+8.3	.,		
China*	(27)	56,93	-3.3	+5.2	59.65	-3.1	+5.0
South Korea ^b	(157)	89.79	-2.6	-28.7	97.81	-22	-23.6
Philippines	(42)	291.13	+4.6	+12.2	368.59	+4.6	+12.4
Talwan, China	(90)	146,30	+1.5	+29.7	151.13	+1.6	+30.8
India?	(79)	78.65	-2.8	-2.1	100.30	-2.1	-0.1
Indonesia*	(49)	123.80	+8.1	+12.9	156.96	+6.3	+15.2
Malaysia	(148)	326,48	+0.3	+20,4	303.50	+0.8	+19.8
Pakistan*	(28)	226,44	+5.2	-6.7	413.65	+5.2	+9.7
Sri Lanka*	(5)	98.52	+0.9	-5.0	323.03	9.0+	+1.8
Thelland	(87)	270,77	+8.9	-28.0	279.78	+8.7	-27.2
Euro/Mid East	(264)	133.95	-21	-5.4	4.4	-	
Czech Rep	(7)	63.40	-1.0	+5.6	56.99	-1.3	+6.3
Greece	(54)	248.57	-2.1	+2.9	400.50	-2.2	+3.5
	1000	-70.07		12.7	000.40	4.0	404 6

+20.2

-17.9

+-0.1 +3.2 +2.8 -3.5

Trading resumed yesterday in Athens after a three-day stoppage, but shock waves still echoed from the failure of the broking group, Delta Securities, vorites Kerin Hope.
Only 30 of Greece's 65 brokerages were

Poland®

South Africa

182.35 721.52

139.10

211.93

429.43

allowed to return to the floor following a ruling by the bourse watchdog that hrokers had to settle outstanding accounts with the clearing bouse before they could restart trading. Volume was thin at around Dr603m with most blue chips moving lower. Only a few construction stocks showed gains as brokers closed out positions

Only a few construction stocks showed gains as brokers closed out positions ahead of today's deadline for completing settlement. The general index ended off 12.39 at 908.42.

Bourse regulation is being tightened, but analysts agree that it will take time to attract international investors back to Greece. One analyst said

that since Greece had underperformed the rest of Europe this year and was seen to be beading for a more settled political climate after the general elec-tion "interest had been steadily rising, but last week's scandal has scared off the institutions".

272.44 1,275.52

145.67

206.06

The Athens market is no stranger to scandal. This year it has been buffeted by allegations ranging from insider trading in construction companies bidding for EU-financed infrastructure contracts to the collapse of a textiles

contracts to the collapse of a textiles and food group controlled hy a senior Greek shipowner.

Mr Yannis Tegopoulos of Midland-Pantelakis Securities predicts a flight to quality. Retail investors will steer clear of small capitalisation stocks and are likely to channel their trading through bigger brokerage honses, he says.

slid Y10 to Y2,280, Fuji Bank Signs of revived huying Y20 to Y2,040 and Mitsubishi Trust and Banking Y20 to

the 21,000-point line for the first time in a week on profit-taking, particularly in eemiconductor-related leenes, writes

after moving between 20,923.24 and 21,229.39. Gains early in the day were cancelled out by heavy selling, particularly among securities houses which unloaded long positions in cash stocks built up during the previous

Traders noted hesitancy among investors ahead of a US Federal Reserve Board meeting later in the day, amid expectations that the Fed would adhere to its cur-

The Topix indsx of all to 1,567.78 and the capital-weighted Nikkei 300 fell 1.76 to 294.14. Volume swelled to an estimated 314m shares from Tuesday's 278m. Declines led advances 739 to 302, with 184 issues

ous day'e gains as investors

Other hlue chip electricals were mainly flat, with the exception of Sony which lost Y20 to Y6,900.

led by Nippon Credit Bank. It fell Y4 to Y339 following reports that it would guaranated non-bank finance comfrom financial institutions

Nikkei weak as Bangkok jumps 2.7%

interest among foreign investors failed to lift TOKYO, which dipped below

The Nikkei 225 average tumbled 226.99 to 20,979.44

rent monetary policy.

In London, the ISE/Nikkel 50 index rose 1.54 to 1,437.40. Semiconductor-related took profits. Hitachi fell Y20 to Y1,020, Toshiba Y10 to Y733 and Matsushita Electric Industrial Y10 to Y1,870.

Bank issues lost ground tee repayment by its affilipany of Y240bn in loans affiliated with agricultural day's general election. The 12,943.69, off an intraday higher with NZ Telecom market is coming to the conpeak at 12,951.85, in turnover active ahead of today's

Y1,740. Mitsubishi Oil stayed under heavy selling pressure losing Y7 to Y795 on concerns over its involvement in an unfolding drama involving an Osaka-based oil wholesaler who is under arrest for suspected tax

In Osaka, the OSE average shed 78.99 to 21,589.35 in volume of 18.85m shares,

BANGKOK closed sharply higher following a rally late in the session. The SET index finished up 25.83, or 2.7 per cent, at 979.51 in turnover of worth Bisbn. "People are positioning

cluston that it doesn't matter who wins as long as a credible economic team is put in place," said one broker. Dealers reported strong

huving out of Hong Kong and Singapore where the accent had been on communications stocks, notably TelecomAsia which gained Bt5 to Bt62.50. HONG KONG was carried

to a second consecutive record close by a surge in property stocks, eagerly sought by investors encouraged by the outlook for interest rates and the property market.

The Hang Seng index

that picked up to HK\$7.8bn. SEOUL saw profit-taking

MILAN turned its atten-

tion to the banking sector as the November 18 deadline

for hids for Banco di Napoli

drew closer. The Comit

index rose 8.28 to 638.77,

deriving further support from the higher trend in

domestic bonds and the lira.

banks to mount a bid.

the troubled bank.

Sevings shares in Napoli rose L20 to L560, off a high of L570, after the govern-

ment won a confidence vote

in the Senate upper house to

convert into law a decree

covering the rescue plan for

Stet pulled back 3.5 per

cent on profit-taking after

Tuesday's 10 per cent jump

following the plans for its

merger with Telecom Italia.

which recouped L52 of

overwhelm bargain hunting and the composite index finished 5.22 lower at 747.32 after a day of wide fluctuations. Samsung Electronics, which rose sharply on Tuesday on the improved US semiconductor book-to-hill ratio, lost Won1,700 to Won85,200.

COLOMBO closed lower for the first time in two weeks as investors took profits in selected etocks. The all-share index, which has risen steadily from 597.50 on October 28, closed 0.97 lower interim results. The 40 capital index ended up 17.14 at 2,342.94. Telecom put on 9 cents to NZ\$7.62.

KARACHI eurged above the 1,500 level as IMF officials arrived in Pakistan for talks on reactivating a \$600m standhy loan. The 100-share index jumped 22.63 to 20.979.44

BOMBAY jumped 1.5 per cent as short-covering by domestic and foreign funds kept most blue chips in positive territory.

The BSE-30 index rose 45.80 to 3,126.06 as ITC gained Rs12.50 or 4.9 per

cent, to Rs264.

SET SHOW AND ADD

COMMERCIAL UNION RESULTS - 9 MONTHS 1996

Operating profit £348m

- Life profits up 11% to £178m.
- New life and savings business 23% higher.
- Strong profit growth from France and the Netherlands.
- Increase of £62m in US and UK weather claims.

John Carter, Chief Executive, commenting on the results said:

"A strong third quarter result led to a good underlying performance at the nine months stage, with increased profits being achieved in France and the Netherlands. Life operations continued to make good progress with strong growth in new business."

	9 months 1996 Unaudited	9 months 1995 Unaudited
Total premium income	£6,585m	£6,356m * ±
Operating profit before taxation	£348m	£384m
-Profit on ordinary activities before taxation	(a) £457m	£441m
Profit attributable to shareholders	£297m	£319m
Operating earnings per ordinary share	33.1p	40.70
Shareholders funds	£4.145m	rm £4.074m
Note: (i) Includes realised investment gains before taxation of (ii) At 31 December 1985	C109m (1995 C69m),	Inc makes att

Commercial Union plc, St. Helen's, 1 Undershaft, London, EC3P 3DQ

FT/S&P ACTUARIES WORLD INDICES

The FT/SSP Actuaries World Indican are owned by FTSE international Limited, Goldman, Sacha & Co. and Standard & Poor's. The Indices are compiled by FTSE international and Standard & Poor's in continuous with the Faculty of Actuaries and the institute of Actuaries, NatiWest Securities Ltd. was a co-founder of the Indices. Day's Pound

Australia [78]	Figures in parenmeses US	Day 3	Pound			LOCAL	LOCAL	Gross	-03	FOUR			LOCAL			100
Austriala (78)	show number of lines Dollar	Change	Storling	Yen	DM			Div.	Dollar	Starling	Yen	DM				
Austria (24)	of stock index	3	Index	Index	Index	Index	on day	Yield	Index	Index	Index	Index	Index	High	Low	(stobusk)
Austria (24)	Australia (76)210.46	-0.7	189.49	149.12	164.03	177.75	-0.7	4.28	211.84	190.77	148.96	165.08	179.00	218 14	179.95	182.11
Belguam (27)			165.03	128.99	142.85	142.77	-0.1	1.97	183.41	165.16	128.96	142.03	142.65	195.04	158.38	170.75
Brassi (26)	Belgium (27)	0.4	203.01	158.68	175.73	171.76	0.3	3.86	224.56	202.31	157,98	175.08	171.17	225.48	193.77	195.36
Canacta (1110)			161.28	126.08	139.81	340.17	-0.8	1.80	190.92	162.92	127.22	140.99	342.91	189.70	123.97	129.82
Dentmark (30)						164.18	0.0	1.96	190,63	171.67	134.05	148,58	184,13	190.63	143.75	144.94
Finland (24)			303.30	237.07	262.53	263.99	0.2	1.74	336.02	302.59	238.28	261.86	265.56	336.86	276.89	280,48
France (83)			202.98		175.70	214.02	0.1	2.35	225.17	202.77	158.33	175.48	213.82	225.45	171.73	224.74
Germany (SB)			190.34	148.77	164,78	168.18	0.9	2.80	209.40	188.57	147.24	163,18	188.61	211,40	157.70	177.49
Hong Kong (59)			167.40	130.85	144.90	144,90	0.1	1.73	185.71	157.24	130.58	144.73	144,73	185.93	158.00	158,84
Indomedia [27]			430 55	336.53	372.69	474.68	0.3	3.25	476.50	429.10	335.06	371.34	473.05	478.19	354,67	361.25
Tably (56)	Indonesia (27)214.81		193.41	151.18	187.42	307.95	-0.5	1.63	218.20	194.88	152,02	108.49	309.60	-	-	-
Joseph (480)	Ireland (16)	-0.4	296.17	223.68	247 71	271.08	-0.3	3.32	318.97				271.96	318.32	247.16	249,33
Melloysia (107)	Italy (58)				63.03											
Merico (27)	Jopan (480)143.22		128.95	100.78												
Netherland (19)	Malaysia (107)583.21	0.2			454.53	566.50	0.4									
New Zealand (15)	Mexico (27)1218.10	-0.2	1096.74	867.25	949.34											
Norwey (35)	Netherland (19)317.93	0.0	286.26	223.75	247.78	243.97	0.0	3.03								
Prilippines (22)	New Zealand (15) 81.46		82.35	64.36	71.28											
Singapore (43)														275.53	222.24	225.A5
South Africa (44)															4	
Spain (37)	Singapore (43) 399.63															
Switzerland (48]	South Africa (44)324.55	1,1														
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USA (624)	Thorised (45)121.09															
Americas (795)																
Europe (719)	USA (624)296.77	0.3	267.20	208.85	231,29	296 77	-0.3	2.01	297.62	268.01	209.27	231.93	297.62	297.62	241.38	242.53
Europo (719)	Americas (795)	-0.3	244 68	191.25	211.79	228.37	-0.3	2.00	272.51	245.40	181.62	212,37	225.99	272.51	219.58	220,82
Nordic (137)			205.79	160.85	178.13	194.05	0.5	2.97	227,48	204.83	159.94	177.29	193,10	228.58	183.02	
Pacific Basin (876)	North (137) 339.70						0.5	2.15	338.52	304.85	238.04	263.81	289.20	339.70	261.13	277.37
Euro-Pacific (1595)	Design Range (875) 159.32		143.44	112.12			0.2	1.23	159.08	143.25	111.88	123.97	113.49	177.01	150.59	
North America (740)	Euro Danier (1505) 188 05						0.4		187.45	168.80						
Europe Ex. UK (506)	Neets Asserted (740) 290 48						-0.3		291.27		204.81	225.00	290.16	291.27	235.37	
Pacific Ex. Japan (385) 301 63 01 271.58 212 27 235.08 260.53 0.1 2.84 301.38 271.40 211.82 234.87 280.34 301.83 243.59 246.06 World Ex. US (1810)									204.95	184 58						
World Ex. US (1810)	Design Co. Design (305) 301 63	-														
World Ex. UK (2221)																
World Ex. Japan (1954)288.08 0.0 239.57 187.26 207.37 249.59 0.0 2.39 286.05 239.58 187.08 207.34 249.56 286.08 218.88 220.84																
WORD EX. SUPERI (1997)	WORD DX UN CERTIFICATION OF THE OR															
The World India (2434)223.48 0.0 201.22 157.26 174.17 181.89 0.1 2.08 223.38 201.18 157.67 174.08 191.58 223.48 191.78 192.84						2-9-3-	0.0									
	The World Index (2434)223.48	0.0	201,22	157.28	174,17	101.69	0.1	2.08	223.38	201.10	157.07	174.08	191,58	223,48	191.79	192.84

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